organizational behavior

A PRACTICAL, PROBLEM-SOLVING APPROACH

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ANGELO
KINICKI

MEL
FUGATE

DEVELOPING EFFECTIVE PROBLEM SOLVERS TODAY, VALUED LEADERS TOMORROW

Mc Graw Hill Education

Organizational Behavior

A Practical, Problem-Solving Approach

Second Edition

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Mc Graw Hill Education

ORGANIZATIONAL BEHAVIOR: A PRACTICAL, PROBLEM-SOLVING APPROACH, SECOND EDITION

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DEDICATION

To Dr. Doo-Sang Cho, a true friend, my favorite golf partner, and a great medical doctor.
I treasure our friendship.

— Angelo

I dedicate this work to the many outstanding students in my career who have made the teaching aspect of my job so rewarding. It is the high-caliber students and professionals, like many of you, who motivate me to always raise my own game. I also want to thank my sweet wife, Donna, and my wonderful family. They support me in all that I do.

— Mel

about the authors

Courtesy of Angelo Kinicki

Angelo Kinicki is an emeritus professor of management and held the Weatherup/Overby Chair in Leadership from 2005 to 2015 at the W.P. Carey School of Business at Arizona State University. He joined the faculty in 1982, the year he received his doctorate in business administration from Kent State University. He was inducted into the W.P. Carey Faculty Hall of Fame in 2016.

Angelo is the recipient of six teaching awards from Arizona State University, where he taught in its nationally ranked MBA and PhD programs. He also received several research awards and was selected to serve on the editorial review boards for four scholarly journals. His current research interests focus on the dynamic relationships among leadership; organizational culture; organizational change; and individual, group, and organizational performance. Angelo has published over 95 articles in a variety of academic journals and proceedings and is co-author of eight textbooks (31 including revisions) that are used by hundreds of universities around the world. Several of his books have been translated into multiple languages, and two of his books were awarded revisions of the year by McGraw-Hill.

Angelo is a busy international consultant and is a principal at Kinicki and Associates, Inc., a management consulting firm that works with top management teams to create organizational change aimed at increasing organizational effectiveness and profitability. He has worked with many Fortune 500 firms as well as numerous entrepreneurial organizations in diverse industries. His expertise includes facilitating strategic/operational planning sessions, diagnosing the causes of organizational and work-unit problems, conducting organizational culture interventions, implementing performance management systems, designing and implementing performance appraisal systems, developing and administering surveys to assess employee attitudes, and leading management/executive education programs. He developed a 360^0 leadership feedback instrument called the Performance Management Leadership Survey (PMLS) that is used by companies throughout the world.

Angelo and his wife of 35 years, Joyce, have enjoyed living in the beautiful Arizona desert for 34 years. They are both natives of Cleveland, Ohio. They enjoy traveling, hiking, and spending time in the White Mountains with Gracie, their adorable golden retriever. Angelo also has a passion for golfing.

Courtesy of Mel Fugate

Mel Fugate is an associate professor of management in the Center for Workplace Excellence at the University of South Australia. He teaches executive, MBA, and postgraduate courses. He has won seven teaching awards across undergraduate and graduate levels. Prior to the University of South Australia he was on the faculty at the Cox School of Business at Southern Methodist University. He also has served as a visiting assistant professor of Organizational Behavior at Tulane University's A.B. Freeman College of Business and the EM Lyon School of Management in Lyon, France. Before earning his PhD in Management from Arizona State University, Mel performed consulting services in marketing and business development and was a sales representative and manager in the pharmaceutical industry. He also has a BS in engineering and business administration from Michigan State University.

Mel's primary research interests involve employee reactions to organizational change and transitions at work. This includes but is not limited to downsizings, mergers and acquisitions, restructurings, and plant closings. Another research stream involves the development of a dispositional perspective of employability and its implications for employee careers and behavior. Current interests also include the influence of leadership, as well as the influence of emotions at work, and organizational culture on performance and the influence of emotions on behavior at work. He has published in a number of premier management and applied psychology journals. His current consulting work includes many industries (e.g., health care, legal, energy, aged care and social services, information technology, and financial services) and aims to enhance individual and organizational performance by utilizing a variety of practical, research-based tools.

Professor Fugate's research and comments have been featured in numerous media outlets: *The Wall Street Journal, The New York Times, Financial Times, FastCompany, Dallas Morning News,* CNN, Fox, ABC, and NBC.

Mel and his wife, Donna, are both very active and enjoy fitness, traveling, live music, and catering to their sweet and savage Jack Russell terrier, Mila.

NEW TO THE SECOND EDITION

We are pleased to share these exciting updates and new additions to the second edition of *Organizational Behavior*!

Features

In this new edition, we have better integrated the **3-Step Problem-Solving Approach** throughout, as well as clarified its relationship to the **Organizing Framework for Understanding and Applying OB,** (formerly called the Integrative Framework). You will also see new boxed features in every chapter:

- **OB in Action** illustrates OB concepts or theories *in action* in the real world, featuring well-known companies and individuals.
- **Applying OB** offers students "how-to" guidance on applying OB knowledge in professional and other arenas of their lives.
- **Implications for Me/Implications for Managers** explains in direct terms practical applications of chapter content from the student's perspective as an employee and as a manager.

Connect

In our continuing efforts to help students move from comprehension to application, and to ensure they see the personal relevance of OB, we have added these new application exercises to our already robust Connect offering:

- **Problem-Solving Application Case Analyses:** All problem-solving application mini-cases and end-of-chapter cases are now assignable as case analyses in Connect. These exercises give students the opportunity to analyze a situation and to apply the 3-Step Problem-Solving Approach. Student knowledge and proficiency are assessed using high-level multiple-choice questions that focus on both the problem-solving approach and on the key topics of each chapter.
- **Self-Assessments:** Self-awareness is a fundamental aspect of professional and personal development. Our 90 researched-based self-assessments give students frequent opportunities to see how organizational behavioral concepts apply to them personally. New to this edition is structured feedback that explains how students should interpret their scores. This feedback is followed immediately by self-reflection quizzes that assess students' understanding of the characteristics being measured and the action steps they may want to take for improvement.
- **Cumulative Case:** This capstone activity provides students the opportunity to apply the 3-Step Problem-Solving Approach on an actual situation affecting a specific firm (Volkswagen). Because the case examines issues at the individual, group, and organizational levels of analysis at Volkswagen, it can be used in parts or as a comprehensive assignment or exam. All told, this activity presents students with a rich and practical example to apply their OB knowledge and problem-solving skills.
- **iSeeIt Videos:** Brief, contemporary introductions to key course concepts that often perplex students, this series will enhance your student-centered instruction by offering your students dynamic illustrations that guide them through the basics of core OB concepts such as motivation, leadership, socialization, and more. The idea behind the series is if a student came to your office and asked you to explain one of these topics in a few minutes, how might you explain it? Practical and applicable, consider using these resources before class as an introduction, during class to launch your lecture, or even after class as a summative assessment.

Chapters

In each chapter we have refreshed examples, research, figures, tables, statistics, and photos, as well as streamlined design to ease navigation and improved readability. We have also largely replaced the topics in such popular features as Winning at Work, Legal/Ethical Challenges, Problem-Solving Application Mini-Cases, and Problem-Solving Application Cases. While the following list does not encompass *all* the updates and revisions, it does highlight some of the more notable changes.

CHAPTER 1

- Clarified explanation of the problem-solving approach, more accurately framing it as a 3-step versus a 3-stop approach.
- Clarified the purpose and function of the Organizing Framework for Understanding and Applying OB, adding a new section that summarizes the framework. Included a comprehensive application of the framework focusing on how to solve the problem of employee turnover.
- Refined and increased focus on the career implications of OB and the importance of self-awareness.
- Expanded and updated coverage of cheating and the importance of ethics for employees and employers, as well as added a new section on the ethics of applying for jobs.
- Expanded and refined treatment of person–situation distinction (instead of person–environment).

CHAPTER 2

- Restructured content on Schwartz's value theory.
- Created new applications for putting Ajzen's theory of planned behavior into action.
- Included new research on outcomes associated with employee engagement.
- Provided new data on U.S. levels of job satisfaction.
- Updated statistics on telecommuting.
- Added a new section on accounting/financial performance and customer service/satisfaction as outcomes of job satisfaction.

CHAPTER 3

- Added new material related to proactivity and entrepreneurship, including multiple new examples.
- Added new section on introversion, its prevalence, and how to thrive as an introvert at work.
- Expanded discussion and new treatment of personality testing at work, including reasons, prevalence, performance, technology and methods, and advice.
- Revised section on emotional intelligence (EI), including new Figure 3.5 that summarizes the relationships between EI and various individual differences and outcomes, and a take-away application on EI.

CHAPTER 4

- Added a new Section 4.1, "Person Perception."
- Updated research on stereotypes.
- Updated coverage of diversity, including new discussion of assumptions about diversity, demographic statistics regarding workforce diversity, barriers to managing diversity, and how companies are responding to diversity challenges.
- Updated research on affirmative action.
- Expanded discussion of LGBT to include LGBTQ.
- Provided new examples of how companies are managing millenials.
- Added a new subsection to Section 4.5 titled "Education Levels: Mismatch between Education and Organizational Needs."

CHAPTER 5

- Provided a new illustration of extrinsic motivation.
- Added new examples to illustrate such key theories as Maslow's theory, acquired-needs theory, self-determination theory, equity theory.
- Updated research on equity and justice theories.
- Added new discussion on the role of goal setting in VW emissions scandal.
- Included a new example to illustrate application of the job characteristics model.
- Updated research on job design, job crafting, and ideals.

CHAPTER 6

- Updated statistics related to negative perceptions and flaws associated with performance management practices.
- Dramatically revised section on feedback: new coverage of why we don't get and give more more feedback, the value of feedback, who seeks it, who doesn't, and whether that matters, when to use positive versus negative feedback, and trends in feedback today.
- Expanded section on the practices and benefits of exit and stay interviews.
- Revised section on reward distribution criteria.
- Added new section on alternatives to money and promotions.
- Added new section pertaining to why rewards often fail to motivate, including a new Take-Away Application.
- Restructured section on pay for performance, including coverage of piece rate, commissions, aligning objectives and awards.
- Added new section on how to make pay for performance work.

CHAPTER 7

- New model in Section 7.1 to frame the entire chapter, titled "A Framework of Positive OB."
- Updated the section titled "Doing Well and Doing Good."
- Added a new section on "positive emotions are contagious."
- Added new material and research on mindfulness, including examples of applications of corporate mindfulness.
- Updated the section titled "Hope = Willpower + Waypower."
- Added a new section on signature strengths.
- Deepened coverage of positive climates and added new examples of practices that promote positive climates.

CHAPTER 8

- Significantly revised content related to roles and norms.
- Added new section and material related to punctuated equilibrium.
- Added and updated material related to different types of teams—projects teams, work teams, cross-functional, self-managed, and virtual.
- Added a section on team interdependence.
- Revised content related to social loafing.
- Significantly revised introduction to trust.
- Completely revamped introduction to team effectiveness.
- Completely revised section related to collaboration and team rewards, including a new table and how to reward teams.
- Dramatically revised sections related to self-managed and cross-functional teams.
- Updated and expanded treatment of virtual teams.

CHAPTER 9

- Revised section on selecting the right communication medium, including new content related to media richness and situation complexity.
- Added a set of practical tips for improving nonverbal communication.
- Added a new brief explanation of the neuroscience explanation of defensiveness.
- Added a new section on empathy and its role in communication.
- Updated material on generational differences around the role of digital devices and communication expectations and norms.
- Completely revamped section on cost of social media with new statistics, implications, and examples.
- Added examples and figure related to crowdsourcing.
- Revised highly practical content related to use of e-mail and managing it productively.
- Expanded section and inserted new material related to social media and privacy at work.
- Added new material related to social media etiquette (cell-phone use) and videoconferencing.
- Substantially revised section related to crucial conversations, including a new Take-Away Application.

CHAPTER 10

- Added a new self-assessment opener related to interpersonal conflict tendencies.

- Completely restructured Section 10.1 addressing functional/dysfunctional conflict, causes, escalation, and why people avoid conflict.
- Rewrote the section on why people avoid conflict.
- Substantially revised section on personality conflicts.
- Enhanced and updated section on psychological safety climate.
- Added new material on conflict spillover effects.
- Updated section on bullying and cyber bullying and harassment.
- Significantly updated section on work–family conflict, including examples of Sheryl Sandberg (Facebook) and Anne-Marie Slaughter (formerly with US State Department).
- Added section on when to avoid conflict.
- Rewrote section on alternative dispute resolution, including the benefits of these approaches and a new table on various forms.
- Drastically changed the section on negotiation to reflect more current approaches—position versus interest-based, including a new table and "how to apply" section.

CHAPTER 11

- Added a new section on Kahneman's two ways of thinking.
- Added new data on use of heuristics by physicians.
- Added new examples of bounded rationality, intuition, use of big data, analytical decision making, and creativity.
- Added new statistics about use of big data.
- Provided data on data analytic jobs and majors.
- Added new examples on group decision making.
- Added new and updated material on creativity, including examples on fostering creative behavior, discussion of person and situation factors affecting creativity, practical recommendations for increasing creativity, and the use of extrinsic rewards on creativity.

CHAPTER 12

- Revised and enhanced material related to positive and negative legitimate power.
- Updated nearly all examples related to bases of power.
- Revised section on psychological empowerment at the team and organizational levels.
- Added new section on influence in virtual teams, including influence tactics particular to this context.
- Substantially restructured section on political tactics, including opening with a self-assessment, new sections on "When Politics Are Good" and "When Politics Are Bad."
- Expanded explanation of blame and politics to include the implications for entrepreneurs.
- Added new section on using politics to tour advantage.
- Restructured and revised section on good impressions, including a new table for how to make a good first impression.
- Added new section on impression management and job interviews, including deception detection and interviewers impressing interviewees.
- Modified and refocused content related to apologies.
- Added new section on ethics and impression management.

CHAPTER 13

- Added new statistics on why leadership is critical in today's organizations.
- Added new research and examples of leadership prototypes.
- Added new material on "global mind-set."
- Updated research on leadership traits and task and relational leadership.
- Updated material on the four ways of creating psychological empowerment, using Jeff Bezos as the example.
- Added new section on ethical leadership.
- Added new list of suggestions for dealing with a passive leader.
- Added new key-term material on all components of Fiedler's theory.

- Revised material on transformational leadership, including updated research and new illustrations of the four key behaviors associated with transformational leadership.
- Updated research on transformational leadership and leader-member exchange.
- Added new section on humility.

CHAPTER 14

- Added new illustrations on the importance of organizational culture.
- Added illustrations on the four cultural types in the competing values framework.
- Added new table summarizing meta-analytic research on organizational culture.
- Added practical lessons from organizational culture research.
- Added new section on subcultures.
- Added examples for the 12 ways to change organizational culture.
- Included examples for the three stages of socialization.
- Added sections on the phases and benefits of mentoring.
- Added new section on how human and social capital enhance the benefits of mentoring.

CHAPTER 15

- Added new tips for working virtually.
- Updated research on learning organizations.
- Added discussion of how to improve organizational learning.
- Added illustrations of the seven types of organizational structure.
- Added section on contingency design and internal alignment, which includes new material on contingency factors, the six organizational characteristics of internal alignment, and how to apply the material.
- Added new section on assessing organizational effectiveness, which includes new material on the balanced scorecard: a dashboard-based approach to measuring organizational effectiveness; strategy mapping: visual representation of the path to organizational effectiveness using Dr. Pepper Snapple Group as an example.
- Added a section on organizational innovation, which includes new material on approaches toward innovation, characteristics of an innovation system, four agility techniques, and office design.

CHAPTER 16

- Completely updated section on external and internal forces for change, using new content and examples.
- Revamped an OB in Action feature related to Cisco Systems.
- Restructured and rewrote section on resistance to change, including new table on common pitfalls of change agents and OB in Action feature—"Should a New Leader Clean House?"
- Revised material on stress, which includes a refocus on job stress and updated content related to good and bad stress.
- Updated content on fatigue along with statistics and the problems associated with presenteeism.
- Added new closing section that pulls together topics of change and stress.

preface

- *"I want a good job, one that I like and is fulfilling. How do I know which job and company are a good fit for me?"*
- *"I know that this job and company provide good opportunities for me, but what can I do to be sure I actually realize these opportunities?"*
- *"I can't stand my job, but I need the money. Should I talk to my boss or just quit?"*
- *"I am taking a class with 50 percent of the grade due to teamwork. My team has four members and two of us are doing all the work. I've been talking to the team, but the two members still aren't doing their share. I am at a loss for what to do."*
- *"How do I negotiate a salary and benefits for my new job, or a raise for the one I have?"*

Each of these scenarios presents a *problem*. We all are faced with problems every day, and our ability to solve problems can set us apart from others in our jobs and careers. In fact, surveys consistently show that problem solving is one of the skills most valued by employers. For this reason, we designed *Organizational Behavior*, 2e, to help students become more effective problem solvers. *Students who are effective problem solvers today become valued leaders tomorrow.*

The second edition of *Organizational Behavior* relies on three key strategies to help students use OB knowledge to solve problems:

- Consistent 3-Step Problem-Solving Approach.
- Applied, practical features.
- User-centric design.

3-Step Problem-Solving Approach

Given *problem solving* is one of the skills most sought by employers, we help students develop instead of hone this skill. We teach them to use a **3-Step Problem-Solving Approach**—(1) define the problem, (2) identify the causes, and (3) implement a solution. This approach is introduced in Chapter One and used multiple times in each subsequent chapter. To complement the 3-Step Approach, we also developed the *new* **Organizing Framework for Understanding and Applying OB.** This framework is used in two ways. First, it provides students a means for organizing OB concepts into three categories (inputs, processes, and outcomes) as they learn them. This facilitates student learning and shows how concepts relate to each other. Second, it is an important and complementary tool for problem solving. Problems are often defined in terms of outcomes in the Organizing Framework, and the causes are commonly found in the inputs and processes elements. Students use this framework in every chapter to solve problems confronted by real organizations and employees.

We provide many opportunities for students to practice using the 3-Step Problem-Solving Approach. Problem-Solving Application Mini-Cases are inserted throughout each chapter. These provide numerous opportunities for students to apply their OB knowledge and practice their problem solving skills to real companies and people. The longer **Problem-Solving Application Case** at the end of each chapter presents more complex and current business cases containing one or more problems that illustrate OB concepts included in a particular chapter. A version of the Organizing Framework is presented in each chapter and is populated with relevant concepts from that chapter, which students then use to define and solve problems presented in the various features. This capstone **Cumulative Case** activity provides students the opportunity to apply the 3-Step Problem-Solving Approach on an actual situation affecting a specific firm (Volkswagen).

We carry the 3-Step Problem-Solving Approach into **Connect,** McGraw-Hill's market-leading digital platform, and provide students with numerous opportunities to observe how different decisions can lead to different outcomes. We also offer *new* critical-thinking application exercises tied to the

> *"The text uses a problem-solving approach framework to demonstrate OB and help students apply OB theories to real-life issues."*
>
> **Jennifer Malarski**
> **—Metropolitan State University**

Problem-Solving Application boxes and Problem-Solving Application Cases, giving students additional practice with applying the 3-Step Approach. These activities are a combination of **case analyses, video cases, and click-and-drag exercises.**

Applied, Practical Approach

The second edition repeatedly demonstrates the practical value of OB concepts in solving real-world problems in students' professional and personal lives. *New* **OB in Action** boxes illustrate OB concepts or theories *in action* in the real world, featuring well-known companies. *New* **Applying OB** boxes offer students "how-to" guidance on applying their knowledge in both their professional and personal lives. Appearing at the end of each chapter are *new* **Implications** boxes that explain to students the practical value of OB concepts—one for their personal use now (**Implications for Me**) and the other for managers (**Implications for Managers**).

Legal/Ethical Challenges ask students to choose from several proposed courses of action or invent their own to resolve a business situation that falls into a gray area of ethics at work.

Connect provides a multitude of opportunities for active practice and application of concepts learned during class or while completing assigned reading. For example, new to this edition are short problem-solving application mini cases that can be used as essay exam questions. They provide an effective tool to assessing student's ability to solve problems using OB concepts and theories. **SmartBook** is another key component. This adaptive and data-driven reading experience gives students ample opportunity to develop mastery of key learning objectives tied to core OB concepts, while also providing instructors real-time snapshots of student comprehension.

> *"Focuses on the practical applications of OB versus only theory."*
>
> **Charla Fraley**
> **—Columbus State Community College**

User-Centric Approach

It is important for us to offer *users,* whether students or instructors, a tool that is easy to navigate, easy to digest, and exceptionally practical. We therefore have taken great care to create content, craft our writing, and include features that focus on the needs and interests of the user. To that end, **Major Questions** open the main sections of each chapter and immediately place students in a personal, practical learning mode. These questions introduce key concepts by asking students to consider the practical value of the concepts for them personally.

We also present content in **digestible chunks** of text, with frequent opportunities to engage with or reflect on the material. The **Winning at Work** feature opens each chapter with a list of practical tips related to a highly relevant topic for work and/or school, such as negotiating a salary for a new job or a pay raise, or how to manage meetings more effectively. **Self-Assessments** in **Connect** allow students to evaluate personal characteristics related to OB concepts, as well as to reflect on their own characteristics and behavior. **Take-Away Applications** ask students to apply the material and concepts immediately after reading. **What Did I Learn** provides students with a review of the chapter's key concepts, an invitation to answer the chapter's opening Major Questions, and a summary of the Organizing Framework for a given chapter.

Connect Tabs give instructors the foundations for creating a **Connect course** that fits their individual teaching needs. A *new* **Teaching Resource Manual** offers a playbook for creating and delivering a discussion-based learning environment in which students practice and apply concepts in a more active manner. The extensively revised **Test Bank** now offers greater opportunity to assess students on OB concepts at a higher level. The updated Test Bank includes essay and scenario-based questions to engage students' problem-solving skills.

> *"The method used by Kinicki/Fugate allows students to think about the concepts presented in a way that is relevant to their lives. This allows them to understand how these concepts relate to the 'real world.'"*
>
> **Gabriela Flores, University of Texas —El Paso**

Developing Effective Problem Solvers Today, Valued Leaders Tomorrow

Organizational Behavior, 2e, explicitly addresses OB implications for students' jobs and careers, showing how OB provides them with the higher-level soft skills employers seek, such as problem solving, critical thinking, leadership, and decision making. We strongly believe that applying OB theories and concepts provides tremendous value to students' lives today and throughout their careers. The understanding and application of OB enhances student effectiveness at school and work, both today and tomorrow.

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Connect is a teaching and learning platform that is proven to deliver better results for students and instructors.

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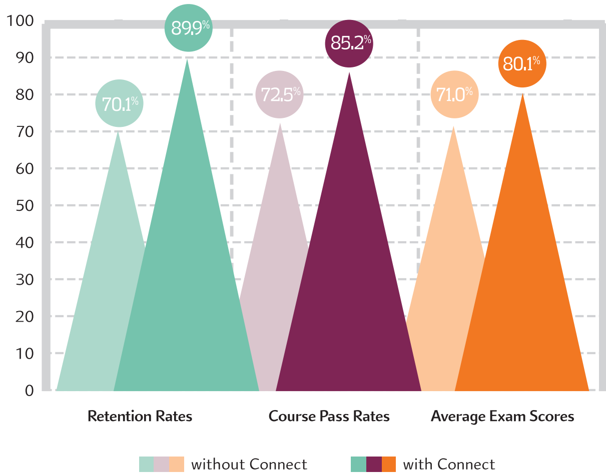
73% of instructors who use **Connect** require it; instructor satisfaction **increases** by 28% when **Connect** is required.

Connect's Impact on Retention Rates, Pass Rates, and Average Exam Scores



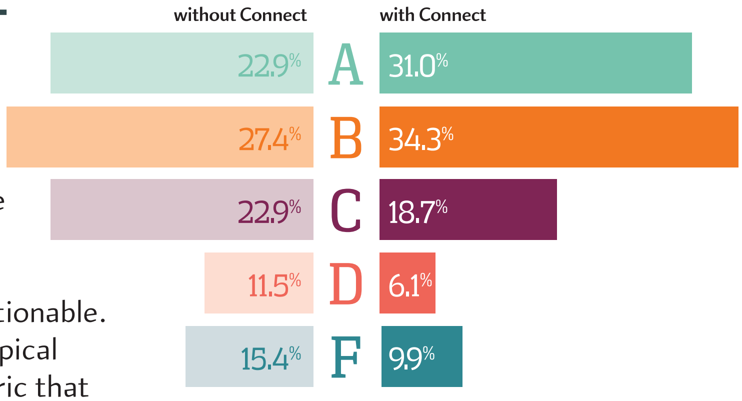
Using **Connect** improves retention rates by **19.8%**, passing rates by **12.7%**, and exam scores by **9.1%.**

Analytics

Connect Insight®

Connect Insight is Connect's new one-of-a-kind visual analytics dashboard—now available for both instructors and students—that provides at-a-glance information regarding student performance, which is immediately actionable. By presenting assignment, assessment, and topical performance results together with a time metric that is easily visible for aggregate or individual results, Connect Insight gives the user the ability to take a just-in-time approach to teaching and learning, which was never before available. Connect Insight presents data that empowers students and helps instructors improve class performance in a way that is efficient and effective.

Impact on Final Course Grade Distribution



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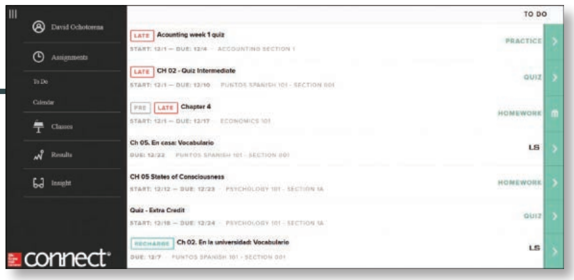
Mobile

Connect's new, intuitive mobile interface gives students and instructors flexible and convenient, anytime–anywhere access to all components of the Connect platform.



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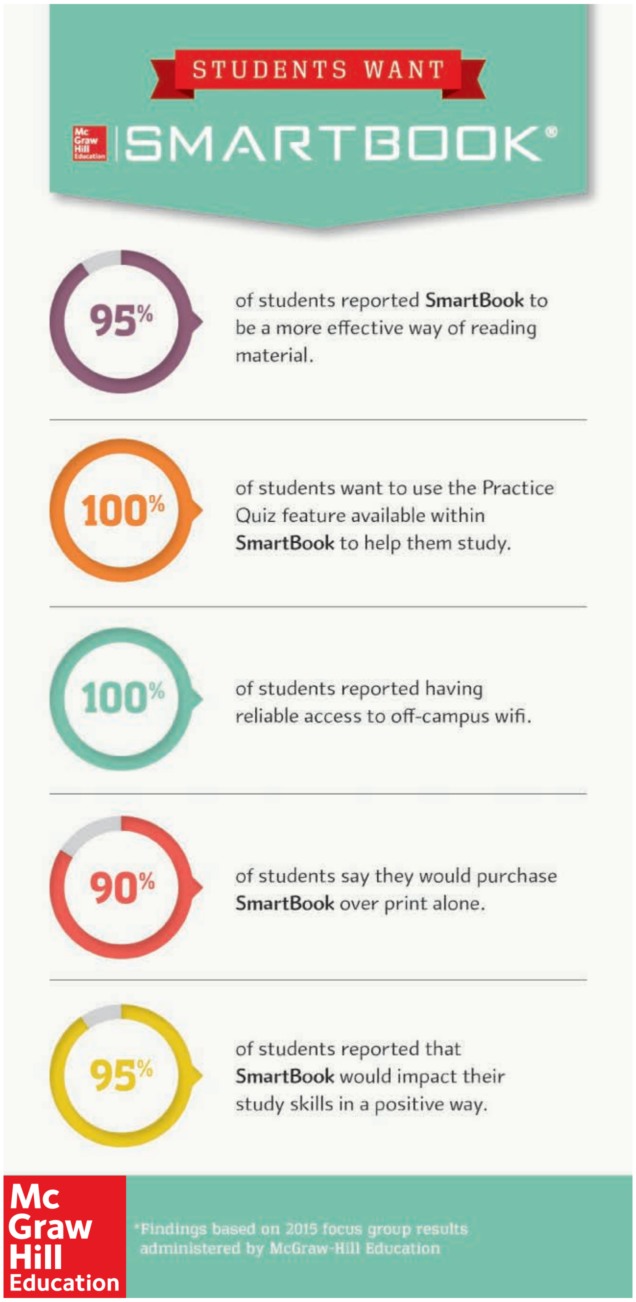

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We hope you enjoy this textbook. Best wishes for happiness, health, and success!

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part one

Individual Behavior

1 MAKING OB WORK FOR ME

What Is OB and Why Is It Important?

Major Topics I'll Learn and Questions I Should Be Able to Answer

1.1 The Value of OB to My Job and Career

MAJOR QUESTION: *How can I use knowledge of OB to enhance my job performance and career?*

1.2 Right vs. Wrong—Ethics and My Performance

MAJOR QUESTION: *Why do people engage in unethical behavior, even unwittingly, and what lessons can I learn from that?*

1.3 Applying OB to Solving Problems

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1.4 Structure and Rigor in Solving Problems

MAJOR QUESTION: *How could I explain to a fellow student the practical relevance and power of OB to help solve problems?*

1.5 The Organizing Framework for Understanding and Applying OB

MAJOR QUESTION: *How can the Organizing Framework help me understand and apply OB knowledge to solve problems?*

1.6 Preview and Application of What I Will Learn

MAJOR QUESTION: *How can I use my knowledge about OB to help me achieve professional and personal effectiveness?*

In this chapter you'll learn that the study and practice of OB often organizes the workplace into three levels—the individual, the group or team, and the organization. Thus we've structured this book the same way—Part One is devoted to individual-level phenomena (job satisfaction), Part Two to groups and teams (team cohesiveness), and Part Three to the organizational level (innovation). Make sure you read the final section of Chapter 1 for a preview of the many concepts you'll learn in the book. You'll also find a summary and application of the Organizing Framework for Understanding and Applying OB and the 3-Step Problem-Solving Approach. These are fundamental tools we created not only to help you learn more effectively, but also to help you apply and realize the true value of OB for you personally.

Winning at Work

Your Future

Imagine you are about to walk in the door and start your first full-time job. It's the job you've always wanted. Or, if you are currently employed, imagine you've finally won the promotion you've worked so hard for, and you're about to enter your new office, new department, or new work area. Either case is full of excitement—your professional life has so much promise!

Now take stock of your existing knowledge, skills, experiences, and other qualities. Even if these are well developed at this point in your career, wouldn't you want to give yourself an even greater advantage and translate your talent into better performance and opportunities? Of course you would, and this is why we study OB.

Knowledge Is Not Enough

Knowledge alone does not solve business problems. For decades, managers believed that if workers had the necessary knowledge and technical training, results would automatically follow. But organizations have realized that knowledge and training alone do not guarantee success—what people know and what they do often don't align. Experts label this disparity the *knowing-doing gap*.[1] **The *knowing-doing gap* is the difference between what people know and what they actually do.** For instance, everybody knows that treating people with respect is a good idea, but some managers don't always do this. Closing such gaps is an important element of your own success at school, work, and home. It also is a major focus of OB and this book.

The Limits of Common Sense

You may feel that common sense will go a long way toward solving most business and career challenges. But if common sense were all that mattered, managers would always treat employees fairly, businesses would never make "stupid" decisions, and you and other (new) employees would make very few mistakes. Everybody would perform better and be happier. However, this certainly isn't true of all employers and managers. And for their part, entry-level employees are often ill-prepared and thus underperform.

Where Employers Say New Hires Fall Short

Results published by the Association of American Colleges and Universities showed that employers and students largely agree on the most important skills, such as teamwork, critical thinking, ethical decision making, and problem solving. However, no more than 37 percent of employers thought students were well prepared in any of these skills, though many students believe they are (especially in critical thinking and oral communication).[2] This skill gap has motivated companies such as Mindtree, a digital solutions firm, to build its own $20 million learning center. Krishnan KS, head of culture and competence, said the center is intended to teach its engineers "21st century skills: communication, collaboration, cooperation, management, decision making, and problem solving."[3]

Employers Want Problem Solving and Critical Thinking

Regardless of your area of study, arguably the greatest benefit of your education is developing problem-solving and critical-thinking skills. A recent National Association of Colleges and Employers (NACE) survey revealed the three skills most valued by employers: critical thinking, problem solving, and teamwork.[4] Building your skills in these areas and others is the overarching goal of this book.

What's Ahead in This Chapter

You'll learn how OB can drive your job and career success. You'll grasp the difference between hard and soft skills and the value of developing both, as well as the importance of self-awareness. We'll show that ethics are integral to long-term individual and organizational success, and we'll introduce a problem-solving approach you can use in a wide variety of situations at school, at work, and in life. But what really powers this book is our Organizing Framework for Understanding and Applying OB, which we introduce mid-chapter. This framework will help you organize and apply OB concepts and tools as you learn them. To show you the power of the Organizing Framework, we conclude the chapter with a preview of the many concepts, theories, and tools you will learn. We then show you how to apply this knowledge using our 3-Step Problem-Solving Approach. We think you'll be intrigued by this glimpse into all that you will learn in this book and course. Let's get started!

1.1 THE VALUE OF OB TO MY JOB AND CAREER

MAJOR QUESTION

How can I use knowledge of OB to enhance my job performance and career?

THE BIGGER PICTURE

Are you uncertain about the value of organizational behavior (OB) and how it fits into your school curriculum or your professional life? This section will explain how OB can be valuable to you. You'll see how OB knowledge and tools go far beyond common sense and can enhance your personal job performance and career success. For instance, you will learn about what it takes to get hired versus what it takes to get promoted, the importance of both hard and soft skills, and the role of self-awareness in your success.

The term *organizational behavior (OB)* describes an interdisciplinary field dedicated to understanding and managing people at work. To achieve this goal, OB draws on research and practice from many disciplines, including:

- Anthropology
- Economics
- Ethics
- Management
- Organizational theory
- Political science
- Psychology
- Sociology
- Statistics
- Vocational counseling

From this list you can see that OB is very much an applied discipline that draws from many sources. This book will make it as relevant and useful for you as possible.

Let's look at how OB compares to your other courses, explain the contingency perspective (the premise of contemporary OB), and explore the importance of both hard and soft skills.

Our professional lives are extremely busy and challenging. Effectiveness requires a host of both hard and soft skills. Your understanding and application of OB concepts and tools will help you meet the many challenges, perform better, and create more attractive opportunities throughout your career.

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How OB Fits into My Curriculum and Influences My Success

Organizational behavior is an academic discipline focused on understanding and managing people at work. This includes managing yourself, as well as others up, down, and sideways in the organization. But unlike jobs associated with functional disciplines such as accounting, marketing, and finance, you will not get a job in OB.

What, then, is the benefit to learning about OB? The answer is that the *effective application* of OB is critical to your success in all disciplines of work and all job levels. As you'll learn, technical knowledge associated with any given job is important, but your ability to influence, get along with, manage, and get things done through others is what makes the difference. People skills!

Applying OB knowledge and tools gives you opportunities, sets you apart from your peers and competition, and contributes to your success. An important part of your success is your ability to know which tools to use and under what circumstances. This is described as a contingency approach to managing people and is the foundation of contemporary OB.

A Contingency Perspective—The Contemporary Foundation of OB

A *contingency approach* calls for using the OB concepts and tools that best suit the situation, instead of trying to rely on "one best way." This means there is no single best way to manage people, teams, or organizations. A particular management practice that worked today may not work tomorrow. What worked with one employee may not work with another. The best or most effective course of action instead depends on the situation.

Harvard's Clayton Christensen puts it like this: "Many of the widely accepted principles of good management are only situationally appropriate."[5] In other words, don't use a hammer unless the job involves nails. You'll learn in Chapter 13, for instance, that there is no single best style of leadership. In this way, OB differs from many of your other courses in that answers here are rarely black and white, right or wrong, but instead the best answer—the most appropriate behavior—*depends on the situation*. The explicit consideration of situational factors is fundamental to OB and is emphasized throughout this book.

Thus, to be effective you need to do what is appropriate given the situation, rather than adhering to hard-and-fast rules or defaulting to personal preferences or organizational norms. Organizational behavior specialists, and many effective managers, embrace the contingency approach because it helps them consider the many factors that influence the behavior and performance of individuals, groups, and organizations. Taking a broader, contingent perspective like this is a fundamental key to your success in the short and the long term.

The following OB in Action box illustrates how Google has applied the contingency approach and changed some of its benefits to more precisely meet employees' preferences for work–life balance and parenthood.

Effectively applying the contingency approach requires knowing yourself—your own skills, abilities, weaknesses, strengths, and preferences. Such knowledge is called self-awareness, and it is key to your success in both the short and long term.

How Self-Awareness Can Help You Build a Fulfilling Career The Stanford Graduate School of Business asked the members of its Advisory Council which skills are most important for their MBA students to learn. The most frequent answer was self-awareness.[6] The implication is that to have a successful career you need to know who you are, what you want, and how others perceive you. Larry Bossidy (former CEO of Honeywell) and Ram Charan (world-renowned management expert) said it best in their book *Execution*: "When you know yourself, you are comfortable with your strengths and not crippled by your shortcomings. . . . Self-awareness gives you the capacity to learn

OB in Action

Google Search: How Can We Keep Talented Employees?

While Google's talent is constantly being poached by its competitors, some employees simply quit, especially women. The company noticed that many women were leaving, or more precisely, not returning after maternity leave. Some chose to stay home with their children. But they were leaving at twice the average rate of all employees. So Google explored the possibility that its policies might be playing a role.

The Industry Standard Generally, the tech industry, Silicon Valley firms in particular, offers 12 weeks of paid time off for maternity leave and seven weeks for employees outside California.

New Plan Google's response was to begin offering five months of full pay and full benefits, exceeding the industry standard. Better still, new mothers can split the time, taking some before the birth, some after, and some later still when the child is older.

New Plan Plus Improved benefits were extended to all Google employees, even those outside of Silicon valley, including fathers. All new fathers, and new mothers outside of Silicon valley, now enjoy seven weeks of new-parent leave. This enables new mothers and fathers the opportunity to manage their time and focus on the new baby.[7] Many companies now have similar practices. For example, Alston & Bird, an Atlanta-based law firm, provides employees $10,000 and 90 days of paid leave for adoptive parents and covers infertility treatment in its health plan.[8]

YOUR THOUGHTS?

1. If you alone could make policies at Google (or your workplace), what would you do to keep valuable employees?
2. How could you apply the contingency approach to make these and other policies more effective?
3. What else would you do? Why?

from your mistakes as well as your successes. It enables you to keep growing."[9] They also argue that you need to know yourself in order to be authentic—real and not fake, the same on the outside as the inside. Authenticity is essential to influencing others, which we discuss in detail in Chapter 12. People don't trust fakes, and it is difficult to influence or manage others if they don't trust you.

As professors, consultants, and authors, we couldn't agree more! To help you increase your self-awareness we include multiple Self-Assessments in every chapter. These are an excellent way to learn about yourself and see how OB can be applied at school, at work, and in your personal life. Go to Connect, complete the assessments, and then answer the questions included in each of the Self-Assessment boxes.

Let's start with your motivation to manage others. Many employees never manage others. Some don't choose to, and some don't get the chance. But what about you? How motivated are you to manage others? Go to connect.mheducation.com and Self-Assessment 1.1 to learn about your motivation for managing others. What you learn might surprise you. Whether it does or not, more precisely understanding your motivation to manage others can guide your course selection in college and your job choices in the marketplace.

A central feature of most any successful development program is self-awareness. Knowing who you are and your preferences are important considerations in personal development. © Lana Isabella/Getty Images RF

connect SELF-ASSESSMENT 1.1

How Strong Is My Motivation to Manage?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 1.1 in Connect.

1. Does this instrument accurately assess your potential as a manager? Explain.
2. Which of the seven dimensions do you think is likely the best predictor of managerial success? Which is the least? Explain.
3. The instrument emphasizes competition with others in a win-lose mentality. Describe the pros and cons of this approach to management.

Uncommon Sense Let's return to common sense. At first glance the contingency perspective may look like simple common sense. But it's different. Common sense is often based on experience or logic, both of which have limits, and it suffers three major weaknesses you need to be aware of and avoid:

- **Overreliance on hindsight.** Common sense works best in well-known or stable situations with predictable outcomes—what worked before should work again. But modern business situations are complex and uncertain and require adapting to change. Common sense is especially weak in responding to the unknown or unexpected. And because it focuses on the past, common sense lacks vision for the future.
- **Lack of rigor.** People comfortable with common-sense responses may not apply the effort required to appropriately analyze and solve problems. If you lack rigor, then you are unlikely to define the problem accurately, identify the true causes, or recommend the right courses of action.
- **Lack of objectivity.** Common sense can be overly subjective and lack a basis in science. In such cases we are not always able to explain or justify our reasoning to others, which is a sign that common sense lacks objectivity.

In *BusinessNewsDaily,* Microsoft researcher Duncan Watts says we love common sense because we prefer narrative: "You have a story that sounds right and there's nothing to contradict it." Watts contrasts a more effective, scientific approach in his book *Everything Is Obvious Once You Know the Answer: How Common Sense Fails Us*. "The difference [in a scientific approach] is we test the stories and modify them when they don't work," he says. "Storytelling is a useful starting point. The real question is what we do next."[10]

OB is a scientific means for overcoming the limits and weaknesses of common sense. The contingency approach in OB means you don't settle for options based simply on experience or common practice if another solution may be more effective. Thus the goal of OB is to give you *more* than common sense and thus enhance your understanding of situations at work and guide your behaviors. This in turn will make you more attractive to potential employers and more effective once hired. Let's explore this idea in more detail, beginning with the importance of possessing and developing both hard and soft skills.

Employers Want Both Hard and Soft Skills

Most of us know the difference between hard and soft skills.

- ***Hard skills*** **are the technical expertise and knowledge required to do a particular task or job function,** such as financial analysis, accounting, or operations.
- ***Soft skills*** **relate to human interactions and include both interpersonal skills and personal attributes.**

"People rise in organizations because of their hard skills and fall due to a dearth of soft skills."[11] Maybe that's why firms tend to weigh soft skills so heavily when hiring for top positions. The most sought-after skills for MBA graduates are problem solving, leadership, and communication.[12] These skills also are the most difficult to find.

And results from a recent CareerBuilder survey tell a similar story for undergraduates and entry-level positions:

> The problem isn't that new grads don't have the right degrees or technical know-how. Only 10% of employers said there weren't enough graduates with the appropriate degrees and just 13% said students lacked computer or technical skills. But employers are troubled by graduates' lack of soft skills. Many report that college grads are lacking in people skills and have trouble solving problems and thinking creatively. . . . Having a college degree and technical skills isn't enough to land their first job.[13]

TAKE-AWAY APPLICATION

Learning about My Soft and Hard Skills

You just learned that soft and hard skills both affect your success. Take a moment to apply this new knowledge and make it personal and relevant for you.

1. List what you think are your two strongest *soft* skills. Also briefly, and specifically, explain how they can or do benefit you at school and work.
2. List what you think are your two strongest *hard* skills. Explain specifically how they can or do benefit you at work and school.

Table 1.1 shows four sought-after skills, along with a brief explanation of how we directly address them in this book.

What do you notice about these four items? Which are hard skills? None! Instead, all are soft skills, the skills you need to interact with, influence, and perform effectively when working with others. Debra Eckersley, a managing partner of human capital at PricewaterhouseCoopers, says the rise of soft skills is a consequence of managers "listening to clients and what they value."[14]

One other key aspect of soft skills is that they are *not* job specific. They are instead ***portable skills,*** **more or less relevant in every job, at every level, and throughout**

TABLE 1.1 FOUR SKILLS MOST DESIRED BY EMPLOYERS

Skill	Description	This Book
1. Critical thinking	Using logic and reasoning to identify the strengths and weaknesses of alternate solutions, conclusions, or approaches to problems.	Fundamental to this book and woven throughout. We designed features and exercises to help you think critically and apply your OB knowledge and tools.
2. Problem solving	Identifying complex problems and reviewing related information to develop and evaluate options and implement solutions.	Our problem-solving approach is used throughout the book. We repeatedly ask you to apply your knowledge to solve problems at school, at work, and in life.
3. Judgment and decision making	Considering the relative costs and benefits of potential actions to choose the most appropriate ones.	Integral to problem solving and success. We integrate judgment and decision making in all problem-solving content and devote an entire chapter to these soft skills.
4. Active listening	Giving full attention to what other people are saying; taking time to understand the points being made; asking questions as appropriate and not interrupting.	Key success factor at work. We address this directly in the chapters on influencing others and leadership.

Adapted from M. Elliott, "5 Skills College Grads Need to Get a Job," May 1, 2015, *CheatSheet.com*, http://www.cheatsheet.com/personal-finance/5-skills-todays-college-grads-need-to-get-a-job.html/?a=viewall.

your career.[15] All these and many more soft skills are represented by OB topics covered in this book, whether as personal or interpersonal attributes:

Personal attributes

(with which we build goodwill and trust and demonstrate integrity)

- **Attitudes** (Chapter 2)
- **Personality** (Chapter 3)
- **Teamwork** (Chapter 8)
- **Leadership** (Chapter 13)

Interpersonal skills

(with which we foster respectful interactions)

- **Active listening** (Chapters 12 and 13)
- **Positive attitudes** (Chapters 2 and 7)
- **Effective communication** (Chapter 9)

The take-away for you? Good interpersonal skills can make even a candidate with a less-marketable degree an appealing hire, while a lack of people skills may doom a college grad to unemployment.[16]

How OB Fits into My Career

Hard skills are of course important. For instance, accountants need to understand debits and credits, financial analysts need to derive net present value, and both need to understand cash flows. However, to be competitive and give employers what they want, you need to develop your soft skills as well. In fact, some soft skills will *increase* in importance over your career and help set you apart from your competition.[17] To highlight this point, think about the criteria used for hiring workers versus promoting them.

What It Takes to Get Hired Regardless of where you are in your career today, ask yourself: What criteria were used to hire you for your first job? What factors did your hiring manager consider? (If your first job is still ahead of you, what factors do you think will be most important?) You and most of your peers will identify things like education, grades, interpersonal skills, and internship or other experience. In short, for most jobs you are selected for your technical skills, your ability to do the given job.

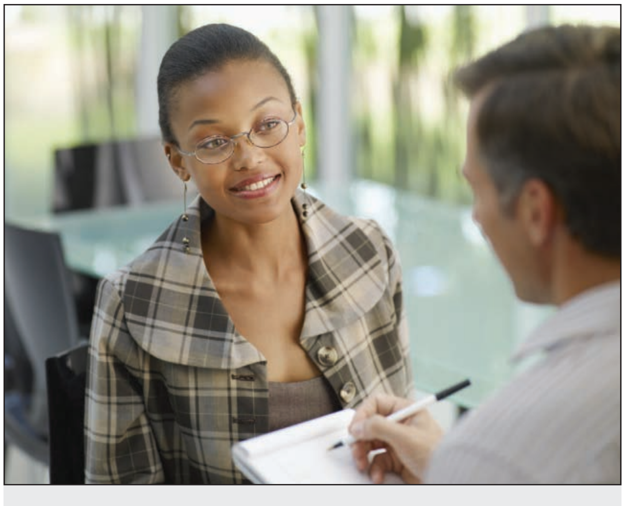
Applying OB

How to Ace Your Next Interview

Everybody knows that jobs are won or lost during interviews. Here are a few simple tips to help you finish on top.

1. **Create an elevator pitch.** Imagine you're in the elevator with the interviewer and have only 60 seconds to sell yourself. Select your three best selling points (strengths) and *concisely* explain how each would benefit the company. Stay focused—keep your pitch short and meaningful.
2. **Finish strong.** At the end of the interview state and show your enthusiasm for the opportunity. Also restate your one or two best selling points and how they will benefit the company.
3. **Prepare for situational questions.** Anticipate questions such as, "Why do you want this job?" and, "Tell me about a time when you had a conflict at work and what you did about it." Be prepared to answer them by describing the situation, your behavior, and the resulting impact. Also consider describing what you learned in that situation.
4. **Make your research social.** Reach out to your network, *privately* (you don't want everybody to know you're looking), and learn whether anybody has worked for or interviewed with your target company. Learn about the person you're interviewing with on LinkedIn—education, past jobs, positions within the target company. Glassdoor.com and other sites can be a wealth of information on employee experiences and compensation.
5. **Don't trip up on the money.** It's generally best to wait until you have a formal offer in hand before discussing pay. If asked about your salary requirement during the interview, respond by saying, "Are you making me an offer?" The answer will likely be, "No, not yet." But if the interviewer persists, say, "I would prefer to have all the details in hand in order to determine what would be most appropriate and fair. Once I have those, I will happily discuss compensation."[18]

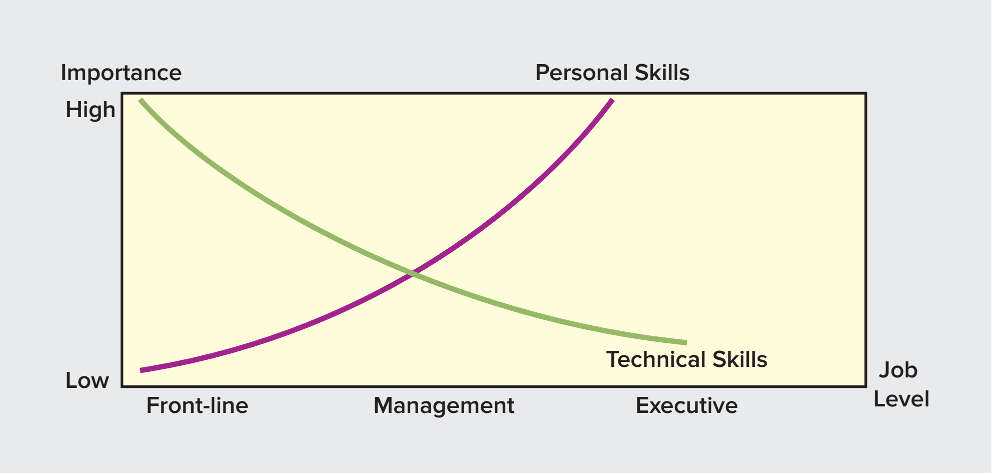
What It Takes to Get Promoted Now ask yourself, what criteria are being used for promotions? Of course, performance in your current job is often a primary consideration. However, you and many other employees may fail to realize that your perceived ability to get things done through others and to manage people will be another important deciding factor. If you and three of your coworkers are all vying for an open job in management, then it's likely all four of you perform at a high level. Therefore, performance isn't the only deciding factor. Instead, it may be your perceived ability to directly or indirectly manage others!



An understanding of OB can give you extremely valuable knowledge and tools to help "sell" yourself during job interviews. Applying OB knowledge can also enhance your chances for promotions. © Chris Ryan/agefotostock RF

Roxanne Hori, an associate dean at New York University's Stern School of Business, echoes this argument: "Yes, your knowledge of the functional area you're

FIGURE 1.1 RELATIVE IMPORTANCE OF DIFFERENT SKILLS BASED ON JOB LEVEL



SOURCE: Adapted from M. Lombardo and R. Eichinger, *Preventing Derailment: What to Do Before It's Too Late* (Greensboro, NC: Center for Creative Leadership, 1989).

pursuing is important. But to succeed longer term . . . having strong team skills and knowing how to build and manage relationships were seen as just as important." One executive she interviewed suggested that students should "take as much organizational behavior coursework as possible . . . because as you move into leadership roles, the key skills that will determine your success will be around your ability to interact with others in a highly effective fashion."[19]

Some career experts, such as Chrissy Scivicque, the CEO of a career development and training firm and writer for *Forbes* and *The Wall Street Journal,* go so far as to say that most people have the technical skills to succeed at higher-level jobs. And even if some new technical knowledge is needed, it generally is easy to learn. However, as you rise through the hierarchy, your job generally will require a more developed set of soft skills. Skills like communication, emotional intelligence, ethics, and stress management.[20] And mentions of critical thinking in job postings have doubled since 2009.[21]

We make this point visually in Figure 1.1. It illustrates how technical or job-specific skills decline in importance as you move to levels of higher responsibility, while personal skills increase.

Performance Gives Me Credibility Performance matters because it gives you credibility with your peers and those you may manage. Just be aware that early in your career your bosses will be looking for more. They will evaluate your management potential, and their opinion will affect your opportunities. So even in a line (nonmanagement) position, you need to know how to:

- Apply different motivational tools (Chapter 5).
- Provide constructive feedback (Chapter 6).
- Develop and lead productive teams (Chapters 8 and 13).
- Understand and manage organizational culture and change (Chapters 14 and 16).

Knowledge of OB, therefore, is critical to your individual performance, your ability to work with and manage others, and your career success (promotions, pay raises, increased opportunities). And because ethics can similarly make or break you at every step of your career, we cover it next.

1.2 RIGHT VS. WRONG—ETHICS AND MY PERFORMANCE

MAJOR QUESTION

Why do people engage in unethical behavior, even unwittingly, and what lessons can I learn from that?

THE BIGGER PICTURE

If you were asked, "Do you know right from wrong? Are you secure in your ethics?" you would likely answer yes to both questions. What's interesting is that most people who suffer ethical lapses also answer yes. OB can teach you about the drivers of unethical behavior and, in the process, improve your awareness and enable you to reduce your risk. You'll learn that even though most unethical behavior is not illegal, it still causes tremendous damage to people, their jobs and careers, and their employers. Fortunately, the OB concepts and tools you pick up through this course will help you recognize and navigate ethical challenges.

Ethics **guides behavior by identifying right, wrong, and the many shades of gray in between.** We will weave discussions of ethics throughout the book for three key reasons.

1. Employees are confronted with ethical challenges at all levels of organizations and throughout their careers.
2. Unethical behavior damages relationships, erodes trust, and thus makes it difficult to influence others and conduct business.
3. Unethical behavior also reduces cooperation, loyalty, and contribution, which hurts the performance of individuals, teams, and organizations.

Ethics also gets priority because many OB topics have a direct and substantial influence on the conduct of individuals and organizations. Notably, reward systems (Chapter 6), decision making (Chapter 11), leader behavior (Chapter 13), and organizational culture (Chapter 14) all can powerfully call upon our ethical standards at work. Let's begin by describing cheating and other forms of unethical conduct at school and work.

Cheating

The news now routinely reports about cheating in sports, such as alleged match-fixing by a number of professional tennis players and scores of instances of the use of performance-enhancing drugs: the Russian Olympic team's systematic use and cover-up, cyclist Lance Armstrong's public confession of drug use during each of his Tour de France victories (legal charges were ultimately filed), and Major League Baseball's lifetime ban of pitcher Jenrry Mejia for three separate steroid violations. But cheating occurs in every other area of our lives too.

What about cheating at school? Anonymous surveys by the Josephson Institute of more than 23,000 students at private and public high schools across the United States found 59 percent admitted cheating on a test in the past academic year, and 32 percent reported plagiarizing material found on the Internet.[22] Fifty-seven percent of participating high school students agreed with the statement "In the real world, successful people do what they have to do to win, even if others consider it cheating."[23]

In early 2016, tennis star Maria Sharapova (left photo) tested positive for a performance-enhancing drug. She quickly admitted to the finding and apologized. Sepp Blatter (right photo), former president of soccer's international governing body FIFA, was at the heart of a scandal that rocked the organization, cost Blatter and others their jobs, and led to formal investigations across the globe. Investigators uncovered a well-entrenched and long-lasting pattern of bribes and other financial misconduct.
(Left) © Damian Dovarganes/AP Photo; (right) © Valeriano Di Domenico/AFP/Getty Images

The story doesn't get any better in college. Turnitin.com, the plagiarism-checking service, reported finding 156 million matches between college student papers and previously published Internet material. The two top sources? Wikipedia and Yahoo Answers. As an example, 125 of 279 members of a particular government class at Harvard University were suspected of cheating on a take-home final.[24] These are just a few examples and statistics of a very long list. What percentage of students at your school do you think cheat on homework assignments? Exams? Take-home finals?

Cheating isn't limited to students. Nearly three dozen Atlanta-area school administrators and teachers were indicted for changing, fabricating, or otherwise falsifying student scores on statewide aptitude tests from at least 2001 to 2009. Some took plea deals and others are serving prison time.[25] Goldman Sachs fired 20 analysts in 2015 for cheating on internal training exams, and JPMorgan Chase reported that it terminated 10 employees for similar offenses.[26]

Now let's explore other forms of unethical conduct and their legality, frequency, causes, and solutions.

Ethical Lapses—Legality, Frequency, Causes, and Solutions

The vast majority of managers mean to run ethical organizations, yet corporate corruption is widespread.[27] Some of the executives whose unethical behavior bankrupted the organizations they led, destroyed the lives of many employees, and caused enormous losses for employees, investors, and customers in the last few decades are Michael Milken (Drexel Burnham Lambert, 1990), Kenneth Lay and Jeff Skilling (Enron, 2001), Bernie Ebbers (WorldCom, 2002), Bernie Madoff (Madoff Investment Securities LLC, 2009), Hisao Tanaka (Toshiba, 2015), and Sepp Blatter (FIFA, 2015). None of these leaders acted alone.

Indictments and verdicts are a matter for the courts. Our point, rather, is that each of these disgraced executives led companies or organizations that in most cases employed thousands of other people. Surely these organizations did not advertise for and hire the criminally minded to help the leaders in their unethical endeavors. Most employees probably knew little or nothing about any unethical or illegal activities, while others were deeply involved. How does the work environment produce unethical conduct, sometimes on an extreme scale, from people who are otherwise good, well intentioned, and on the right side of the law? Knowledge of OB helps you answer this question.

Unethical Does *Not* Mean Illegal While extreme examples of unethical and illegal conduct make headlines, they are the exception. The truth is that very few unethical acts are also illegal, most are not punished in any way, and even if illegal, few are prosecuted.

This means you should *not* rely on the legal system to manage or assure ethical conduct at work. For instance, FoxConn, Apple Computer's top supplier in China, was in the spotlight for its highly publicized ill-treatment of 1.2 million Chinese employees, who suffered 14-hour workdays, six- to seven-day workweeks, low wages, and retaliation for protesting.[28]

American Airlines pilots provided another example in 2012 when they created widespread slowdowns in flights to pressure the company in negotiations with their union. American's on-time performance dropped from 80 percent to 48 percent, versus 77 percent for Southwest and 69 percent for Delta. The slowdowns resulted in enormous costs and inconveniences for thousands of customers.[29]

None of the conduct in these examples was illegal. The following OB in Action box provides another notable instance of how widespread unethical behavior has resulted in virtually no legal consequences.

Why Ethics Matters to Me and My Employer Criminal or not, unethical behavior negatively affects not only the offending employee but also his or her coworkers and employer. Unethical behavior by your coworkers, including company executives, can make *you* look bad and tarnish *your* career.

OB in Action

Wrong? Absolutely! Illegal? Seemingly Not.

One. That is the number of Wall Street executives who actually went to jail for actions leading up to the financial crisis of 2008–2009, and that one conviction didn't happen until 2014.[30] Of the more than 14,000 financial fraud cases brought during the period of the crisis, only 17 named CEOs and other responsible executives.

Two central figures during that time had telling and damning comments. Eric Holder, the former US attorney general, said the conduct that led to the crisis was "unethical and irresponsible." And "some of this behavior—while morally reprehensible—may not necessarily have been criminal."[31] Ben Bernanke, former chair of the Federal Reserve Bank, said, ". . . more corporate executives should have gone to jail for their misdeeds . . . since everything that went wrong or was illegal was done by some individual, not by an abstract firm."[32]

YOUR THOUGHTS?

1. If you think executives (and perhaps other employees) of financial institutions should be punished for their roles in the crisis, describe what you think is appropriate.
2. If you think they should not be punished, explain why.
3. Is it appropriate for the firms to pay fines, but for the executives to avoid consequences? Justify your answer.

Stephen A Cohen and many of his hedge fund's employees were the focus of multiple investigations and lawsuits by regulators for several years. © Ronda Churchill/Bloomberg/Getty Images

SAC Capital Advisors, for example, is one of the most successful hedge funds in recent years. But the fund and its founder, Steven Cohen, were dogged throughout 2012–2016 by suspicions of insider trading, and many traders with ties to SAC were convicted. Before any formal charges were made against the firm itself or its founder, clients withdrew nearly $2 billion in assets.[33] SAC investors ultimately withdrew even more money, nearly $2 billion in fines were levied, and the fund was ordered to close. Cohen reopened the company as a "family office" that trades only his personal fortune. He ultimately settled charges brought against him personally, without admitting guilt, which resulted in his paying no personal fines and being banned only from trading other people's money for two years.[34]

To make this more real for you, imagine you are interviewing for a job. How would you explain your past employment history if it included jobs at SAC, Enron, Countrywide, MF Global, or Madoff Investment Securities? It certainly is possible and even likely that you did nothing wrong. However, it *is* likely that you would always be concerned about what others thought or suspected about your involvement. Would suspicions always be in the back of your future colleagues' minds? Would that cost you opportunities? Cause you stress?

Thankfully, research provides us with clear ways to avoid such problems:

> . . . sustainable businesses are led by CEOs who take a people-centered, inclusive approach rather than a controlling, target-driven one. They are people who listen, who foster cultures in which employees are not scared to point out problems and in which staff feel they have a personal responsibility to enact corporate values, be they health and safety concerns or putting the client's interests first.[35]

Ethical Dilemmas ***Ethical dilemmas*** **are situations with two choices, neither of which resolves the situation in an ethically acceptable manner.** Such situations surround us at work and school. They highlight the fact that choosing among available options is not always a choice between right and wrong. Because such dilemmas are so frequent and potentially consequential, we include an Ethical/Legal Challenge feature at the end of each chapter that asks you to consider what you might do if confronted with difficult ethical choices at work.

An excellent example is provided by managers responsible for determining which employees are downsized. When Audi of North America decided to relocate a large percentage of its operations from one part of the United States to another, one of the finance managers was responsible for "working the numbers" on how many people would be invited to relocate, how many would be terminated, and what types of severance packages would be offered and to whom.

All this was necessary and needed to be done by somebody in the company. The problem, however, was that many of these people were friends and colleagues of the person doing the analyses. She had the "hit list" (as it was called) for weeks and was unable to share the information with the others, even as they worked side by side, had lunch, and interacted socially in the meantime.

OB in Action

The Whistle-Blower's Dilemma

Whistle-blowing often creates a particularly challenging type of ethical dilemma. People do wrong, unethical, and even illegal things at work, and you and other employees may know that they did. The dilemma is what to do about it. Many times you're tempted to reveal the behavior to management or to the authorities—blow the whistle. This seems like the "right thing to do." Depending on the situation, you may even profit, but you might also pay.

Sherron Watkins became one of the most famous whistle-blowers in history when she helped undo Enron. Enron was an energy and trading company that soared in the 1990s and failed in one of the most calamitous ethical scandals in modern business. Watkins now earns a living speaking about her experience and ethics more generally, which likely pays far less than jobs in the energy sector.

Whistle-Blowing for Profit The Dodd-Frank Act of 2010 and some regulatory agencies provide incentives for whistle-blowers. Some can receive up to 30 percent of any settlement if regulators collect more than $1 million due to the infraction.[36] Bradley Birkenfeld, an ex-banker for UBS, was awarded $104 million for exposing the way his bank helped US clients hide money in Swiss accounts. Cheryl Eckard was awarded $96 million for revealing manufacturing flaws in the production of some of GlaxoSmithKline's pharmaceuticals.[37]

Dr. William LaCorte of Louisiana seems to be a serial whistle-blower. He has filed multiple lawsuits against pharmaceutical companies (Pfizer and Merck) and received awards totaling nearly $100 million.[38] Olympus Corp., a global medical device company, was ordered to pay $646 million in civil and criminal penalties for providing kickbacks, bribes, and other inappropriate forms of influence to win business. The whistle-blower and former chief compliance officer, John Slowik, reported the violations internally. But nothing was done, so he escalated the matter to federal officials. His reward: $51 million.[39]

The Costs As a vice president at Chase Bank, Linda Almonte was asked to review more than 20,000 past-due credit card accounts before they were sold to another company. Almonte's team reported back to her that nearly 60 percent contained some sort of major error, including discrepancies about the amount or whether the court had indeed ruled for the bank. Concerned, Almonte went up the chain of command, flagging the errors and encouraging management to halt the sale. Instead, the bank fired Almonte and completed the deal.[40] Nobody would hire her, which ruined her professionally and financially. She and her family ultimately moved to another state, where they lived in a hotel while she continued to look for work.

Ultimately, Chase was ordered to pay $200 million in fines and restitution. The company also settled a suit for an undisclosed amount with Almonte.[41]

What's the Lesson? Don't underestimate the likelihood and costs of retaliation. Codes of ethics that forbid retaliation are just empty words if unethical people aren't held accountable. And a lack of accountability is the hallmark of corrupt organizations. Doing the right thing can be very costly.

YOUR THOUGHTS?

1. What can employers do to encourage whistle-blowers?
2. How can organizations ensure that whistle-blowers are protected, other than simply making it a policy (just words)?
3. What can you do as an individual employee when you witness or become aware of unethical conduct?

TABLE 1.2 CAUSES OF UNETHICAL BEHAVIOR AT WORK AND WHAT TO DO ABOUT IT

	Ill-Conceived Goals	Motivated Blindness	Indirect Blindness	The Slippery Slope	Overvaluing Outcomes
Description:	We set goals and incentives to promote a desired behavior, but they encourage a negative one.	We overlook the unethical behavior of another when it's in our interest to remain ignorant.	We hold others less accountable for unethical behavior when it's carried out through third parties.	We are less able to see others' unethical behavior when it develops gradually.	We give a pass to unethical behavior if the outcome is good.
Example:	The pressure to maximize billable hours in accounting, consulting, and law firms leads to unconscious padding.	Baseball officials failed to notice they'd created conditions that encouraged steroid use.	A drug company deflects attention from a price increase by selling rights to another company, which imposes the increases.	Auditors may be more likely to accept a client firm's questionable financial statements if infractions have accrued over time.	A researcher whose fraudulent clinical trial saves lives is considered more ethical than one whose fraudulent trial leads to deaths.
Remedy:	Brainstorm unintended consequences when devising goals and incentives. Consider alternative goals that may be more important to reward.	Root out conflicts of interest. Simply being aware of them doesn't necessarily reduce their negative effect on decision making.	When handing off or outsourcing work, ask whether the assignment might invite unethical behavior and take ownership of the implications.	Be alert for even trivial ethical infractions and address them immediately. Investigate whether a change in behavior has occurred.	Examine both "good" and "bad" decisions for their ethical implications. Reward solid decision processes, not just good outcomes.

SOURCE: *Harvard Business Review.* "Ethical Breakdowns: Good People Often Let Bad Things Happen" by M. Bazerman and A. Tenbrunsel, April 2011.

What Causes Unethical Behavior? Harvard professor Max Bazerman and Ann Tenbrunsel of the University of Notre Dame have studied ethical and unethical conduct extensively. They concluded that while criminally minded people exist in the workplace, most employees are in fact good people with good intentions. Bazerman and Tenbrunsel contend that instead of ill intent, cognitive biases and organizational practices "blind managers to unethical behavior, whether it is their own or that of others."[42] Table 1.2, which summarizes their findings, outlines causes of unethical behavior and what we can do to address that behavior as employees and managers.

TAKE-AWAY APPLICATION

Identifying Unethical Behavior at School and Work

1. Identify the three most common forms of unethical behavior at school or where you work. Be specific.
2. Using Table 1.2, identify the likely causes for each.
3. Describe one thing that can be done to prevent or remedy each of the behaviors you noted in question 1. Use Table 1.2 for ideas/suggestions.

What about Unethical Behavior in College and When Applying for Jobs?

A study of graduate students in the United States and Canada, including MBAs, found that peer behavior was by far the strongest predictor of student cheating, followed by severity of penalties and certainty of being reported.[43] Students are more likely to cheat if their classmates cheat, and/or they think the probability of being caught is small, and if caught that the penalties will not be severe.

However, don't be too quick to blame this bad behavior on your lying, cheating classmates. The same researchers acknowledge that there are many other potential reasons for cheating, such as perceived unfairness in grading. It also is possible that students see different degrees of cheating—for instance, in homework assignments versus on exams.

As for job hunting, an analysis of 2.6 million job applicant background checks by ADP Screening and Selection Services revealed that "44 percent of applicants lied about their work histories, 41 percent lied about their education, and 23 percent falsified credentials or licenses."[44] **Figure 1.2** highlights some of the most common and most outrageous lies told on résumés. Can you imagine being a recruiter? If you believe these numbers, half the people you interview could be lying to you about something! Many

FIGURE 1.2 EXAMPLES AND PREVALENCE OF LIES ON RÉSUMÉS

SOURCE: K Gurchiek, "Liar, Liar, Resume on Fire," *SHRM,* September 2, 2015, https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/lying-exaggerating-padding-resume.aspx.

potential reasons for unethical behavior at work exist, beyond those listed in Table 1.2, such as:

1. Personal motivation to perform ("I must be No. 1").
2. Pressure from a supervisor to reach unrealistic performance goals along with threats for underperforming.
3. Reward systems that honor unethical behavior.
4. Employees' perception of little or no consequences for crossing the line.[45]

Some people don't see their actions as unethical. Despite both Enron executives being convicted, Jeff Skilling proclaims his innocence to this day, as did Ken Lay until he died. Nevertheless, it will be helpful for you to learn more specifically about your own ethical tendencies. Some people view ethics in ideal terms, which means that ethical principles or standards apply universally across situations and time. Others, however, take a relativistic view and believe that what is ethical depends on the situation. Take Self-Assessment 1.2 to learn about your own views.

connect SELF-ASSESSMENT 1.2

Assessing My Perspective on Ethics

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 1.2 in Connect.

1. Are your views more idealistic or more relativistic?
2. What do you think about students cheating on homework assignments in school? What about cheating on exams?
3. Are your answers consistent with your score? Explain.
4. Suppose you're a manager. What does your score imply about the way you would handle the unethical behavior of someone you manage? What about your boss's unethical behavior?

What Can *I* Do about It? Like most others, you have or likely will witness questionable or even blatantly unethical conduct at work. You might be tempted to think, *This is common practice, the incident is minor, it's not my responsibility to confront such issues, and loyal workers don't confront each other.* While such rationalizations for not confronting unethical conduct are common, they have consequences for individuals, groups, and organizations. What can you do instead? Here are a few suggestions:

1. **Recognize that it's business and treat it that way.** Ethical issues are business issues, just like costs, revenues, and employee development. Collect data and present a convincing case against the unethical conduct just as you would to develop a new product or strategy.
2. **Accept that confronting ethical concerns is part of *your* job.** Whether it is explicit in your job description or not, ethics is everybody's job. If you think something is questionable, take action.
3. **Challenge the rationale.** Many lapses occur despite policies against them. If this is the case, ask, "If what you did is common practice or OK, then why do we have a policy forbidding it?" Alternatively, and no matter the rationale, you can ask, "Would you be willing to explain what you did and why in a meeting with our superiors or customers, or during an interview on the evening news?"

Edward Snowden blew the whistle on the National Security Agency's monitoring of US citizens' phone and Internet communications. His actions had enormous impact on his own life, as well as on policies and practices within and between companies, industries, and even countries. © AP Photo

4. **Use your lack of seniority or status as an asset.** While many employees rely on their junior status to avoid confronting ethical issues, being junior can instead be an advantage. It enables you to raise issues by saying, "Because I'm new, I may have misunderstood something, but it seems to me that what you've done is out of bounds or could cause problems."
5. **Consider and explain long-term consequences.** Many ethical issues are driven by temptations and benefits that play out in the short term. Frame and explain your views in terms of long-term consequences.
6. **Suggest solutions—not just complaints.** When confronting an issue, you will likely be perceived as more helpful and be taken more seriously if you provide an alternate course or solution. Doing so will also make it more difficult for the offender to disregard your complaint.[46]

What Role Do Business Schools Play? Each of us is first and foremost responsible for our own ethical conduct. However, we also know that our conduct is shaped by the environment and people around us. Leaders have particular influence on the ethical policies, practices, and conduct of organizations. For instance, a recent study reported that 35 percent of all undergraduate degrees are awarded in business fields, yet 75 percent of business schools do not require ethics courses.[47] If ethics are so important, why the gap?

The researchers asked this question and found that the gender and academic background of deans, along with whether the school was public or private, predicted the likelihood that ethics courses were required. Female deans with a background in management were most likely to require ethics courses, while men with economics and finance backgrounds were least likely. Private and religiously affiliated schools were more likely than public schools to require classes in ethics.[48] What is the case at your school? Does it align with these findings?

Now that you have a good understanding of the importance of ethics at school and work, we'll turn our attention to using OB to solve problems. Applying OB to solve problems is a major part of what makes this knowledge so valuable.

1.3 APPLYING OB TO SOLVING PROBLEMS

MAJOR QUESTION

How can I apply OB in practical ways to increase my effectiveness?

THE BIGGER PICTURE

Now that you know that OB is not just common sense, the challenge is to find a way to organize and apply its many concepts and theories. In this section, we explain how you can apply OB to effectively solve problems at work, at school, and in your life. We use a 3-Step Problem-Solving Approach.

We all encounter problems in our lives. **A *problem* is a difference or gap between an actual and a desired state or outcome.** Problems arise when our goals (desired outcomes) are not being met (actual situation). So it is important to carefully consider what your goal or desired outcome is in order to define the problem appropriately. In turn, ***problem solving* is a systematic process for closing these gaps.**

For example, Jeff Bezos, CEO and founder of Amazon, downplays the importance of meeting quarterly numbers to please Wall Street. Instead, he defines his problem as delivering superior service to customers, today, tomorrow, and forever. His problem-solving efforts are thus more likely to focus on innovative products and delivery times than on profit margins and earnings per share.

Problem-solving skills are increasingly needed in today's complex world. Loren Gary, former associate director at Harvard's Center for Public Leadership, supports this assertion: "The ability to identify the most important problems and devising imaginative responses to them is crucial to superior performance in the modern workplace, where workers at all levels of the organization are called upon to think critically, take ownership of problems, and make real-time decisions."[49]

To help you increase your personal performance and well-being at school, work, and home, we created an informal approach you can use to apply OB tools and concepts to solving problems. It's simple, practical, and ready for you to use now!

Reed Hastings, CEO of Netflix, has faced a number of problems in the past few years. The company implemented a very unpopular pricing change for its DVD and streaming services that it eventually abandoned. More recently, one of the most persistent problems is to get approval to operate in and manage the expansion into more than 130 countries.
© Francois Guillot/AFP/Getty Images

A 3-Step Approach

There are many approaches to problem solving, and these approaches vary greatly in their practicality and effectiveness. We discuss a number of these in Chapter 11 when learning about decision making. Knowing this, it was important for us as professors and authors to provide you with an approach that is both practical and effective across a variety of situations you encounter. The 3-Step Approach presented in this book is the result of our combined consulting experience of applying our knowledge of OB to help real-world employees and organizations solve problems. Our intent is to help you apply your knowledge to boost your own effectiveness at school, at work, and in life.

Basics of the 3-Step Approach Here are the three steps in our applied approach to problem solving.

Step 1: Define the problem. Most people identify problems reactively—after they happen—which causes them to make snap judgments or assumptions, often plagued by common sense, that incorrectly define the problem and its causes and solutions. All of us would likely benefit from Albert Einstein's comment, "If I were given one hour to save the planet, I would spend 59 minutes defining the problem and one minute resolving it." Let's take Professor Einstein's advice. The following tip will serve you well when defining problems throughout this course and your professional life.

- **Define problems in terms of desired outcomes. Then test each one by asking, "Why is this a problem?"** Define problems in terms of desired outcomes or end states—compare what you want to what you have. Resist the urge to assume or infer you "know" what the problem and underlying causes are. Instead, start with available facts or details. Then ask yourself, "Why is this gap a problem?" For example, suppose you are disengaged from your work. How do you know this? What is the evidence? Perhaps you no longer go out of your way to help your coworkers and you stop responding to e-mails after work hours. You've defined your problem using evidence (or data). Now ask, "Why is this a problem?" Because when you are engaged, your coworkers benefit from you sharing your knowledge and experience. Coworkers and customers benefit from your responsiveness and willingness to respond to e-mails on their time line, even when it isn't necessarily convenient for you (after hours).

Step 2: Identify potential causes using OB concepts and theories. Essential to effective problem solving, regardless of your approach, is identifying the appropriate causes. So far you have OB concepts like the contingency perspective and ethics—and many more are coming—to use as potential causes. The more options you have to choose from, the more likely you will identify the appropriate cause(s) and recommendation(s). To improve your ability to accurately identify potential causes, we provide the following tip for Step 2.

- **Test your causes by asking, "Why or how does this cause the problem?"** Once you have confidently defined the problem in Step 1—disengagement—you need to identify potential causes (Step 2). Ask, "Why am I disengaged?" One common reason, backed by science, is that you perceive you were evaluated unfairly in your recent performance review. "Why or how did this cause disengagement?" Because if you feel unappreciated for what you've done, you are not motivated to go the extra mile to help your coworkers or customers. Asking "why" multiple times and following the line of reasoning will lead you to define and identify problems and causes more accurately.

Step 3: Make recommendations and (if appropriate) take action. In some workplace situations you will make recommendations, and in others you will also implement the recommendations. Here is a simple suggestion to improve the quality of your recommendations and overall problem solving.

- **Map recommendations onto causes.** Be certain your recommendations address the causes you identified in Step 2. The rationale is when you remedy the causes, then you solve or at least ease the underlying problem. Returning to our engagement example, the perceived fairness of performance reviews can be improved if managers use multiple raters, such as peers and the employee him- or herself (you'll learn about multiple raters in Chapter 6). Now, map this recommendation onto the cause (unfair performance review) to ensure it is appropriate and will effectively address the cause and resulting problem. Fixing the cause eliminates the problem.

How This Problem-Solving Approach Develops Throughout the Book As we introduce more OB concepts and tools, the 3-Step Approach will become richer and more useful. For instance, you'll see in Chapter 11 that this approach to problem solving is an abbreviated version of the rational approach to decision making.

Tools to Reinforce My Problem-Solving Skills

Because of the value of problem solving at school, work, and home, we created numerous opportunities for you to master this skill while applying OB. Each chapter, for instance, includes the following features:

- **Problem-Solving Application Mini-Cases**—These mini-cases present a problem or challenge for you to solve. You are asked to apply the 3-Step Approach to each.
- **Self-Assessments**—Validated instruments allow you to immediately assess your personal characteristics related to OB concepts, frequently with a personal problem-solving focus, and often followed by a Take-Away Application (see below).
- **Take-Away Applications**—You are asked to apply what you just learned to your own life at school, at work, or socially.
- **End-of-Chapter Problem-Solving Application Cases**—The full-length cases require you to apply the OB knowledge gained in that particular chapter to define the problem, determine the causes, and make recommendations.
- **Ethical/Legal Challenge**—Mini-cases present provocative ethical dilemmas in today's workplace. You are asked to consider, choose, and justify different courses of action.

How good are your problem-solving skills? To get you started, take Self-Assessment 1.3 to measure your problem-solving skills. It will help you understand:

- What types of things you consider when solving problems.
- How you think about alternate solutions to problems.
- Which approach you prefer when solving problems.

This assessment will help you learn about OB and apply it to improve your own performance. (**Tip:** Take this assessment again at the end of the course to see whether your skills have increased.)

connect SELF-ASSESSMENT 1.3

Assessing Your Problem-Solving Potential

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 1.3 in Connect.

1. What do items 1–3 tell you about your ability to define problems?
2. Do your scores on items 4–6 match your perceptions of your ability to generate effective solutions?
3. Using the individual items, describe the pros and cons of your tendencies toward implementing solutions.

1.4 STRUCTURE AND RIGOR IN SOLVING PROBLEMS

MAJOR QUESTION

How could I explain to a fellow student the practical relevance and power of OB to help solve problems?

THE BIGGER PICTURE

When struggling to solve a problem, have you ever felt the solution was beyond your reach? Sometimes the solution is a matter of organizing or structuring the problem and its elements. OB can help. We show you useful tools to assist you in organizing and applying your OB knowledge as it grows. You can use these same tools to solve problems more rigorously and more effectively.

It's easier to understand and apply OB if you categorize or organize your knowledge as you learn it. The first and most fundamental distinction is between elements that are related to you and those related to the situation.

The Person–Situation Distinction

OB concepts and theories can be classified into two broad categories: person factors and situation factors. The person–situation distinction is foundational to OB knowledge and application.[50]

- ***Person factors*** **are the infinite characteristics that give individuals their unique identities.** These characteristics combine to influence every aspect of your life. In your job and career, they affect your goals and aspirations, the plans you make to achieve them, the way you execute such plans, and your ultimate level of achievement. Part One of this book is devoted to person factors.

This is simple and makes perfect sense, but as we all know reality is seldom simple. *Things* get in the way, and these "things" often are situation factors.

- ***Situation factors*** **are all the elements outside ourselves that influence what we do, the way we do it, and the ultimate results of our actions.** A potentially infinite number of situation factors can either help or hinder you when you are trying to accomplish something (see the following Problem-Solving Application box). This is why situation factors are critically important to OB and your performance. Parts Two and Three of this book are devoted to situation factors.

Hundreds, if not thousands, of studies have shown that many person–situation factors influence a host of important outcomes, such as job satisfaction, performance, and turnover. But which is more powerful—the person or the situation?

Which Influences Behavior and Performance More—Person or Situation Factors? Researchers and managers have debated for decades whether person or situation factors are more influential. They ask, for instance, about the relative impacts of "nature versus nurture" and whether leaders are "born or made." We address these debates in Chapter 3 and Chapter 13, respectively, but the relative impacts of person and situation factors on behavior and performance are fundamental to OB.

Many observers believe some people are *by their nature* better suited than others to perform well at work ("born winners"). In contrast, others believe some people are clearly better in *a given job or situation*. No particular person could outperform every other person in every possible job! Nobody is the best at everything.

This second view is supported by research in psychology and OB. **The *interactional perspective* states that behavior is a function of interdependent person and situation factors.**[51] The following quotation captures this reality: "Different people may perceive similar situations in different ways and similar people may perceive different situations in the same way."[52]

People and Situations Are Dynamic People change, situations change, and the two change each other. To illustrate:

- People bring their abilities, goals, and experiences to each and every situation, which often changes the situation.
- Conversely, because situations have unique characteristics, such as opportunities and rewards, they change people. What you value in a job will likely differ between now and the time you are trying to make a move to senior management.
- It also is true that the current job market and employer expectations differ from those at the height of the technology bubble in the late 1990s or in the depths of the Great Recession in 2007–2009. In the first scenario employees changed, and in the second the situation or environment changed.
- Finally, your manager—a situation factor—can change what you do, the way you do it, and your effectiveness. You can exert the same influence on your manager.

The bottom-line implication for OB and your work life is that knowledge of one type of factor without the other is insufficient. *You need to understand the interplay between both person and situation factors to be an effective employee and manager.*

How Does the Person–Situation Distinction Help Me Apply OB Knowledge? Categorizing your knowledge in terms of person and situation factors will be immensely helpful when applying your OB knowledge to solve problems. Consider downsizing.

The energy industry is cyclical, and the most recent downturn has been prolonged and especially tough for the hundreds of thousands of workers who have lost their jobs. Such industry and economic characteristics are important situation factors for these employees. © iStock/Getty Images RF

Many companies restructure indiscriminately and cut large percentages from their employee ranks. Assume you and five coworkers, who all do the same job, are downsized. You all experience the same event, but your reactions will vary. For instance, you might not feel too bad if you didn't like the job and were considering going to graduate school anyway. Two of your coworkers, however, may be devastated and depressed.

Nevertheless, because the downsizing event was the same for all of you (the situation factors were identical), we can assume that the differences in everyone's reactions were due to things about you as individuals (person factors), such as other job opportunities, how much each of you likes the job you just lost, your ratio of savings to debt, and whether you have kids, mortgages, or a working spouse. The person–situation distinction, therefore, provides a means for classifying OB concepts and theories into causes of behavior and problems.

Problem-Solving Application

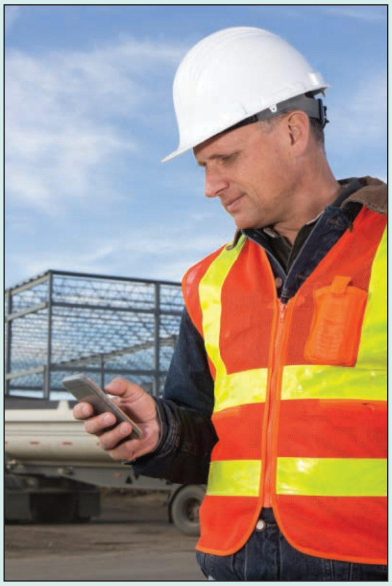
Technology: A Situation Factor that Affects My Performance

Technology is both helpful and detrimental to employee performance and well-being. To set the stage, consider that roughly two-thirds of all full-time workers own smartphones,[53] and some reports show that nearly 50 percent of Internet users regularly perform job tasks outside work.[54]

What are the benefits of technology? More companies are using smartphones to save time and money. For example, at Rudolph & Sletten, a contractor located in Redwood City, California, workers use blueprint software on their iPads. "The digitized documents partly replace hundreds of pages of construction blueprints that need to be updated so often that student interns handle the monotonous work." The company estimates that using digitized blueprints can save from $15,000 to $20,000 on a large building contract. This also leads to fewer construction errors because workers are using up-to-date information. Coca-Cola Enterprises similarly uses mobile-centric devices to streamline the workday of its restaurant service technicians. The company estimates that the technology saves about 30 minutes a day per employee.[55]

So what's the downside of technology? More employees are working more hours because they use their smartphones and e-mail after hours. This helps explain a Glassdoor report that 61 percent of employees reported working while on vacation.[56] If you're wondering why so many do this, the same report offered some insights:

1. 40 percent are concerned about the pile of work that will accumulate in their absence.
2. 35 percent feel only they can do their jobs.
3. 25 percent are concerned about being replaced while away and thus losing their jobs.[57]


© David Jones/Getty Images RF

Do you get paid for this "overtime"? Another part of this problem created by technology is the payment of overtime. According to the Fair Labor Standards Act, employees should be compensated for work wherever it happens and when it exceeds their defined workweek (40 hours). This can create a problem if employees respond to or send e-mails after hours. For example, T-Mobile settled a lawsuit brought against them because salespeople in its stores were expected to work 10 to 15 hours "off the clock" responding to e-mails and texts from customers (they were required to give out their phone numbers and e-mail addresses). Many similar suits have been filed, such as by Chicago police officers and satellite dish installers, both of whom were expected if not required to do uncompensated work remotely.[58]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem described in this example.

Step 2: Identify two potential causes (be sure to link the causes to the problem you identified).

Step 3: Make a recommendation aimed at each cause that you feel will improve or remove the problem. (Be sure your recommendations link to the causes.)

Levels—Individual, Group/Team, and Organization

We saw above that OB distinguishes among three levels at work: individual, group/team, and organizational. To illustrate how considering levels helps in solving real-world problems, think about the many reasons people quit their jobs.

- Some people quit because their job doesn't fulfill what they value, such as challenging and stimulating work (an individual-level input).
- Others quit because of conflicts with their boss or because they have nothing in common with their coworkers (a group/team-level process).
- A common reason people quit is a faulty reward system that unfairly distributes raises, bonuses, and recognition (an organizational-level process).

Understanding and considering levels increases your problem-solving effectiveness and performance. This is highlighted in the problem-solving example in Section 1.6.

Applying OB Concepts to Identify the Right Problem

Nothing causes more harm than solving the wrong problem. To illustrate, assume that many people in your department at work are quitting. What could be the reason? The person–situation distinction allows you to consider unique individual factors as well as situation factors that might be the source of the problem. And considering the levels of individual, group, and organization will allow you to look at each for possible causes.

For example:

- **Person factors.** Do your departing coworkers have something in common? Is there anything about their personalities that makes work difficult for them, such as a preference to work collaboratively rather than independently? What about their ages? Gender? Skills?
- **Situation factors.** Have there been changes in the job market, such as a sudden increase in employment opportunities at better wages? Have working conditions such as promotion opportunities become less attractive in your organization?
- **Individual level.** Has the job itself become boring and less meaningful or rewarding to the employees who quit?
- **Group/team level.** Have there been any changes to the work group, including the manager, that might make work less satisfying? How does turnover in your department compare to that in other departments in the organization? Why?
- **Organizational level.** Has the organization changed ownership, or rewritten company policies, or restructured such that the most desirable positions are now at the headquarters in another state?

By following this approach and asking these questions, you widen your focus and review a larger number of possible causes, increasing the likelihood you will identify the right problem. If you don't quite follow this example, then have no fear. We analyze a turnover scenario in the last section of this chapter and provide a more detailed application. Stay tuned!

We now move on to the Organizing Framework for Understanding and Applying OB. This tool is not only helpful for learning OB, but it also serves as an essential tool for using OB to solve problems.

1.5 THE ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

MAJOR QUESTION

How can the Organizing Framework help me understand and apply OB knowledge to solve problems?

THE BIGGER PICTURE

You're about to learn about the single best tool for understanding and applying OB's many concepts and tools—the Organizing Framework for Understanding and Applying OB. The framework also helps tremendously in improving your problem-solving abilities at school, work, and home. In the final section, we give you practical and effective guidance on how to choose among alternate solutions to problems.

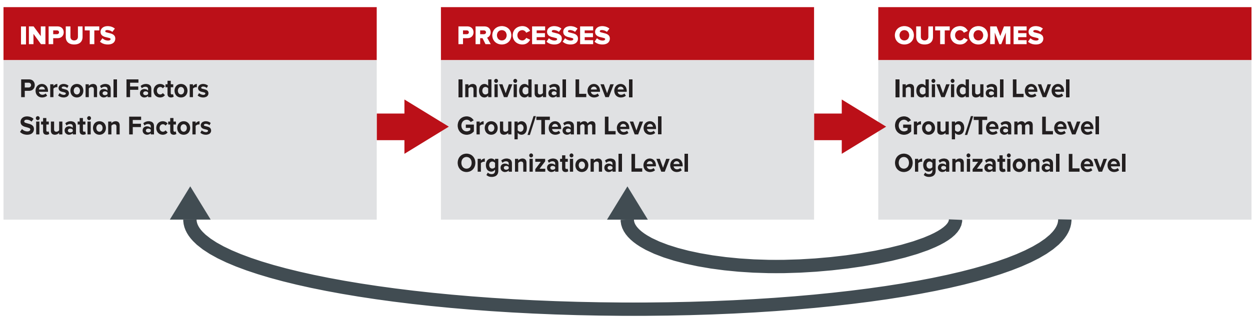
Using your knowledge of the person–situation distinction and levels (individual, group/team, and organizational), you are now ready to learn about the Organizing Framework for Understanding and Applying OB. We created this framework (see Figure 1.3) for two reasons. The first is to help you organize OB concepts and theories into three causally related buckets called Inputs, Processes, and Outcomes. This in turn leads to the second reason for creating the Organizing Framework. It helps you solve problems, thereby enhancing your problem-solving skills and marketability to employers. We explain this application later in this section.

A Basic Version of the Organizing Framework

The foundation of the Organizing Framework is a systems model wherein inputs influence outcomes through processes. The person and situation factors are inputs. We've organized processes and outcomes into the three levels of OB—individual, group/team, and organizational.

This framework implies that person and situation factors are the initial drivers of all outcomes that managers want to achieve. This is the case because inputs affect processes, and processes affect outcomes. And because events are dynamic and ongoing, many outcomes will in turn affect inputs and processes. See Figure 1.3. The relationships

FIGURE 1.3 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



between outcomes at one point in time and inputs and processes at another are shown as feedback loops in the Organizing Framework (the black arrows at the bottom of the figure).

EXAMPLE A study of 111 people over one week showed that taking time away from work led employees to feel rested (an outcome) and to experience higher levels of work engagement (a process). Such breaks also enabled them to recover better during the workday, and this reenergized them for their remaining work (an input).[59]

As you work through this book you will notice that each chapter begins with a version of the Organizing Framework that helps introduce the concepts discussed in that particular chapter. Each chapter repeats the same version of the framework at the end as part of the chapter review. If you add up the content of all the chapters, you'll end up with something that looks like the fully populated or complete Organizing Framework. We provide the complete version in the next section of this chapter. Not only is this framework a useful preview of all you will learn, but it also is an effective review tool for preparing for a comprehensive final exam.

By definition, frameworks (and models) are simplifications of reality; they necessarily exclude information. This means the complete Organizing Framework will not show every OB concept that might affect employee behavior and performance. But the basic elements of the framework will help you understand and apply any OB topic you encounter. The following OB in Action box illustrates the value of the Organizing Framework and its components—inputs, processes, and outcomes. Be sure to answer the "Your Thoughts?" questions; they will show you how to apply your new OB knowledge and tools.

Let's now consider the details of the Organizing Framework and apply it to the 3-Step Problem-Solving Approach.

Using the Organizing Framework for Problem Solving

You can use the Organizing Framework at all three steps of the problem-solving process to add rigor, intelligently apply your OB knowledge, and in turn improve your performance.

Step 1: Define the problem. Problems can be defined in terms of outcomes in the Organizing Framework, and these outcomes occur at three levels.

Step 2: Identify causes. Causes are often best thought of in terms of inputs (person or situation) or processes at various levels (individual, group/team, organizational).

Step 3: Make recommendations. Consider the most appropriate solutions using your OB knowledge and tools. Then map these onto the causes (inputs or processes).

Your ultimate problem-solving success will be determined by the effectiveness of your recommendation and resulting solution. So let's discuss this next.

Selecting a Solution and Taking Action (if appropriate)

Selecting solutions is both art and science. Some managers like to rely largely on intuition (discussed in Chapter 11) and experience. While these approaches can work, others use more analytical or systematic methods to select a solution.

EXAMPLE Intel has long been famous for its data-driven decision-making practices. When employees encounter and notify their managers of problems, it is common if not expected that managers automatically reply: "Call me when you've worked through your seven-step," referring to a companywide problem-solving process.

OB in Action

Life Is Sweeter on Mars

Whether it is the well-known candy they make (M&M's, Snickers, Life Savers) or the cat and dog foods (Whiskas and Pedigree), life is indeed sweet for the employees of Mars. The Organizing Framework can help us explain and understand why the 75,000 employees feel they have it so good, and why the company again made the Fortune 100 Best Companies to Work For in 2015.

© Press Association/AP Photo

Inputs The environment at Mars lacks the perks touted by many tech companies—no Foosball tables, no free gourmet lunches, and no premier health clubs. More than this, some work practices are downright old school. For instance, all employees, including the president, have to punch a time clock each day and are docked 10 percent of their pay for the day if late.

But what Mars may seem to lack in style it makes up for with its culture. Former President Paul S. Michaels explains how the company aligns its values and practices by asking: "Does it add value for the consumer to pay for marble floors and Picassos?" If it doesn't, then the company doesn't provide it. Employees seem to love the place and have very positive relationships at work; many families have three generations working at Mars. The culture seems to be one big family interested in cats, dogs, and candy. At one facility more than 200 employees bring their dogs to work each day. (Leash rules apply.)

This family-type environment flows from the founding Mars family, which still tightly controls the company according to the "Five Principles of Mars": quality, responsibility, mutuality, efficiency, and freedom. Employees can recite these principles and live them.

Processes While some practices seem frugal, the company reportedly awards bonuses of 10 to 100 percent of employees' salaries. The company also invests heavily in the community via its Mars Volunteers and Mars Ambassadors programs. In 2014, about 21,500 employees volunteered over 85,000 hours at local organizations![60]

Outcomes Mars posts a very low turnover rate (5 percent), a sign that employees are highly satisfied with their jobs. And the fact that the company has managed to grow consistently for decades and remain private is compelling evidence of its strong financial performance.[61] For instance, it recently built its first new US chocolate factory in 35 years. It employs 200 people and produces 39 million M&Ms per day.[62]

YOUR THOUGHTS?

1. What positive outcomes does Mars produce at the individual level?
2. What positive outcomes does Mars produce at the organizational level?
3. What inputs and processes help produce each of these outcomes?

Intel's problem-solving process is so entrenched that employees use a common PowerPoint template to fill in and ultimately present the relevant details of their proposed solutions. (Intel illustrates an organizational-level process approach that is similar to the rational approach to decision making we'll discuss in Chapter 11.)

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Don't Forget to Consider Constraints As a matter of practicality, most people lack the time, knowledge, or access to data to routinely follow such a rigorous procedure. Therefore, your selection most often requires you to consider various constraints—on time, money, your own authority, and information—that can occur at different levels. We close this chapter with practical pointers on how to select the best solution.

Applied Approaches to Selecting a Solution

You can save time and hassle with the following practical advice from renowned problem-solving expert and professor Russell Ackoff. Ackoff recommends first deciding how complete a response you are looking for. Do you want the problem to be *resolved*, *solved*, or *dissolved*?

- **Resolving** problems is arguably the most common action managers take and simply means choosing a satisfactory solution, one that works but is less than ideal. Putting on a "doughnut" or temporary spare tire fixes a flat, but it certainly is not ideal and is unlikely to last.

- **Solving** problems is the optimal or ideal response. For instance, you could buy a new, high-quality, full-size spare to keep in your trunk (not the typical doughnut or the "run-flats" that manufacturers frequently provide).
- **Dissolving** problems requires changing or eliminating the situation in which the problem occurs. Keeping with our example, the city you live in could build and utilize effective public transportation and thus remove the necessity of having cars (and tires) altogether.[63]

Making this decision first helps guide your choice among alternatives. It helps you decide what you need, whether it is realistic, and what level of effort and resources to use.

Basic Elements for Selecting an Effective Solution

After deciding whether to resolve, solve, or dissolve your identified problem, you need to select the most effective solution. A problem-solving expert says: "The essence of successful problem solving is to be willing to consider real alternatives."[64] To help you choose among alternatives identified in Step 2, we distilled three common elements that will help you qualify the best solution:

1. **Selection criteria.** Identify the criteria for the decision you must make, such as its effect on:
   - Bottom-line profits.
   - You and classmates or coworkers.
   - Your organization's reputation with customers or the community.
   - Your own values.
   - The ethical implications.
2. **Consequences.** Consider the consequences of each alternative, especially trade-offs between the pros and the cons, such as:
   - Who wins and who loses.
   - Ideal vs. practical options.
   - Perfection vs. excellence.
   - Superior vs. satisfactory results.
3. **Choice process.** Decide who will participate in choosing the solution. (If more than one person, agree on the method. Will you vote? Will the vote be public or secret? Unanimous or simple majority?):
   - You
   - Third party
   - Team

In every case, consider the necessary resources, including which people will be key sources of support for (and resistance to) your ultimate selection. Consider who can help and who can hurt your efforts—what's in it for them?

Putting it all together, the OB knowledge and tools you'll learn in this book will help tremendously in selecting and implementing your best solution given the situation you face. The final section of this chapter provides a preview of what you will learn in this book, along with an example application of the Organizing Framework and the 3-Step Problem-Solving Approach.

1.6 PREVIEW AND APPLICATION OF WHAT I WILL LEARN

MAJOR QUESTION

How can I use my knowledge about OB to help me achieve professional and personal effectiveness?

THE BIGGER PICTURE

This final section of Chapter 1 provides a high-level overview of what you will learn in this book, and it shows a summary Organizing Framework for Understanding and Applying OB. A thorough application of the 3-Step Problem Solving Approach is also provided to illustrate its power and applicability.

We wrote this preview to serve three primary functions: (1) It is a sneak peek and foreshadows all that you will learn in this book; (2) it illustrates how to use the Organizing Framework when solving problems with the 3-Step Problem Solving Approach; and (3) it serves as a review for a comprehensive final exam for this course.

We begin this section by briefly reviewing the 3-Step Problem-Solving Approach and the components of the Organizing Framework. We then apply these tools to an example problem-solving scenario. The purpose is to be a tutorial of how you are expected to apply your knowledge and these particular tools throughout the rest of the book.

The 3-Step Problem-Solving Approach

This chapter began by showing you that common sense often is not common practice. We instead showed you how to think critically and add rigor and structure to your problem solving by using three steps, recapped as follows:

Step 1: Define the problem. To be an effective problem solver, you must define the problem accurately. It all starts here.

Step 2: Identify potential causes using OB concepts and theories. The many OB theories and concepts you will learn are extremely useful in helping identify the underlying causes of the problem you defined in Step 1.

Step 3: Make recommendations and (if appropriate) take action. Once you have identified the problem and its causes, you can plan and implement recommendations, applying your OB knowledge and tools.

Improving your problem-solving abilities will lead to better performance for you, your team, and your organization. This is important given that problem solving is one of the most sought after skills of employers across jobs and industries.

The Organizing Framework

Figure 1.4 illustrates a summary version of the Organizing Framework. It shows the OB concepts and theories you will learn and includes chapter references for finding details

FIGURE 1.4 SUMMARY OF ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Personal Factors (associated chapters)

Hard and soft skills: 1

- Ethical behavior: 1
- Values: 2
- Attitudes: 2
- Intelligence: 3
- Cognitive abilities: 3
- Personality: 3
- Core self-evaluations: 3
- Emotional intelligence: 3
- Stereotypes: 4
- Diversity: 4
- Motivation: 5, 6, 7
- Positive OB: 7
- Emotions: 3, 7
- Mindfulness: 7
- Psychological capital: 7
- Communication: 9
- Social media: 9
- Decision making: 11
- Creativity: 11
- Resistance to change: 16

Situation Factors

- Ethical behavior of others: 1, 10, 12
- Leadership: 1, 8, 13
- Job design: 5
- Human resource policies, practices, and procedures: 6, 9, 14
- Relationship quality: 8
- Decision making: 11
- Organization culture and climate: 7, 10, 13, 14, 15
- Mentoring: 14
- Organizational design: 15
- Forces for change: 16
- Resistance to change (coworker and organizational): 16
- Organizational mission and vision: 16

PROCESSES

Individual Level (associated chapters)

- Emotions: 3, 7
- Perceptions: 4, 6
- Attributions: 4
- Motivation: 5, 6, 7
- Job design: 5
- Performance management practices: 6
- Communication: 7, 8, 9
- Trust: 8
- Decision making: 11, 15
- Creativity: 11
- Leadership: 1, 8, 13
- Mentoring: 14

Group/Team Level

- Group/team dynamics: 3, 4, 8, 11, 14, 16
- Communication: 7, 8, 9
- Group roles and norms: 8
- Group development: 8
- Trust: 8
- Team effectiveness: 8
- Conflict and negotiation: 10
- Decision making: 11
- Creativity: 11
- Power, influence, and politics: 12
- Structural and psychological empowerment: 12
- Impression management: 12
- Organizational culture and climate: 7, 10, 13, 14, 15
- Organizational socialization: 14
- Mentoring: 14
- Organizational design: 15

Organizational Level

- Managing diversity: 4
- Human resource policies, practices, and procedures: 6, 8, 14
- Communication: 7, 8, 9
- Organizational culture and climate: 7, 10, 13, 14, 15
- Decision making: 11
- Creativity: 11
- Leadership: 1, 8, 13
- Organizational socialization: 14
- Organizational design: 15
- Leading and managing change and stress: 16

OUTCOMES

Individual Level (associated chapters)

- Task performance: all but 15
- Work attitudes: all but 11, 15
- Turnover: all but 11, 15
- Career outcomes: 1, 3, 4, 8, 10, 11, 12, 13, 14, 16
- Well-being/flourishing: 2, 3, 4, 7, 13, 16
- Citizenship behavior/ counterproductive behavior: 2, 5, 6, 7, 8, 10, 12, 13, 16
- Intrinsic and extrinsic motivation: 5
- Creativity: 6, 7, 8, 10, 11, 13, 15
- Physical health: 7
- Stress (physical and emotional): 12, 15, 16
- Resistance to change: 15, 16
- Accidents: 16
- (Un)Ethical behavior: all but 3, 7, 15

Group/Team Level

- Group/team performance: all but 1, 2
- Group satisfaction: 3, 4, 6, 8, 9, 10, 12, 13, 16
- Group/team cohesion and conflict: 6, 7, 8, 10, 11, 12, 14, 16
- Group/team collaboration: 13, 15
- Innovation: 6, 8, 10, 11, 14, 15, 16
- Resistance to change: 16
- (Un)Ethical behavior: all but 3, 7, 15

Organizational Level

- Accounting/financial performance: 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
- Customer service/satisfaction: 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16
- Survival: 3, 6, 16
- Reputation: 3, 4, 6, 9, 10, 12, 16
- Employer of choice: 4, 6
- Innovation: 6, 8, 10, 11, 14, 15, 16
- Organizational effectiveness: 7, 15, 16
- Legal liability: 9, 11
- Product/service quality: 14
- Operational efficiency: 14, 15
- (Un)Ethical behavior: all but 3, 7, 15

about them. The framework further illustrates how the various concepts are related to each other: Inputs affect processes, which in turn influence outcomes. Remember, problems are generally identified by looking for gaps in desired versus actual outcomes, and causes can be found in inputs and processes.

Here are a few important insights from Figure 1.4.

- There are more person factors that affect processes than situation factors. Pay particular attention to person factors when looking for causes of problems.
- Solving problems requires you to think across levels. Notice the many different concepts listed under individual-, group/team-, and organizational-level processes and outcomes.
- OB concepts are both inputs and processes. Leadership is a good example. This reinforces the dynamic nature of organizational behavior and underscores the consideration of connections between inputs and processes when solving problems.
- Knowledge about OB is important. Simply look at the outcomes box! It shows over two dozen different outcomes are affected by OB-related inputs and processes. The framework further shows the frequency with which various outcomes are important to managers. Notice the number of chapters in which individual task performance, work attitudes, turnover, group/team performance, innovation, accounting/financial performance, and customer service/satisfaction are discussed. And more personally, observe that career outcomes (an individual-level outcome) are related to concepts included in nearly every chapter.

Using the Framework for Learning When you first read or learn about a new concept we recommend you attempt to categorize it in terms of whether it is a person factor, such as values and work attitudes (Chapter 2), personality and emotions (Chapter 3), and perceptions and diversity (Chapter 4); or a situation factor like human resource policies, practices, and procedures (Chapter 6), leader behavior (Chapter 13), and organizational culture (Chapter 14). Doing this will improve your learning by organizing concepts and helping you understand how they are related to each other.

We also encourage you to consider the issue of levels as you progress in learning about OB. Not only do many OB concepts exist at particular levels, such as personality at the individual level, but some concepts like performance management and conflict are processes that can affect outcomes across all levels.

Breadth and Power of OB You should conclude from this that OB matters in business. More importantly it matters to you—your job and your career. And anybody (other textbooks, classmates, coworkers, bosses) who says OB is simply common sense, or that it only affects employee commitment, satisfaction, and performance, clearly does not understand the full and true power and value of OB. After taking this course you'll know better and won't make such mistakes!

Hypothetical Problem-Solving Scenario

Observation and practice are two excellent ways to learn. Let's do both. We will work through a problem-solving scenario and show you how to use the Organizing Framework and the 3-Step Approach.

The scenario involves the problem of employee turnover, an individual-level outcome we used earlier in the chapter. For this application assume you are a valued junior employee who is thinking of quitting, and that many other talented junior employees have quit your department in the past couple of years.

Step 1: Define the Problem To reiterate, a problem is a gap between a current situation and a desired situation or outcome. First review the outcomes box in the Organizing Framework, because many problems are gaps between one or more current and desired outcomes. For instance, in this hypothetical scenario your organization has a turnover problem. Why is this a problem? Because it wants to have the appropriate number of talented people in its most crucial jobs. Note that defining the problem this way is different from saying more people quit your company this year than last year, or that your employer has higher turnover than its competitors. (Note: If your worst performers quit instead of your best, then you could argue that your organization is better off due to the reduction in "dead wood" rather than having a problem.) It also isn't necessarily a problem to lose people, especially underperformers or those with obsolete skills. But if your organization's most valuable and high-performing people (like you) quit, then a problem likely exists. This sort of reasoning highlights the importance of defining the problem accurately.

Now that we've confidently completed the first step and defined the problem accurately—turnover of talented, high-performing, junior employees—let's continue the process and identify the potential causes of this turnover problem.

Step 2: Use OB to Highlight the Causes While people quit for a variety of reasons, a good place to start is to consider both person and situation inputs and then various processes as potential causes of your organization's turnover problem. Look at the summary Organizing Framework for guidance (see Figure 1.4).

- **Potential Cause 1**—Person factors often represent key causes of turnover. Possibly the junior employees are quitting because their jobs don't fulfill their personal values (see Chapter 2). Low job satisfaction (Chapter 2) and demotivating job characteristics (see Chapter 5) also might cause turnover.
- **Potential Cause 2**—Situation factors frequently are causes of turnover. For example, people may be quitting because they have poor relationships with their bosses (see Chapter 13) or are working in a culture (see Chapter 14) characterized by damaging political behavior (see Chapter 12).
- **Potential Cause 3**—Individual, group/team, and organizational processes can also cause turnover. Conflict (with your boss), a team-level process (see Chapter 10), may constitute a cause of turnover. Another is a faulty performance management system (an organizational-level process—Chapter 6), one that unfairly distributes raises, bonuses, and recognition. As you will learn in Chapter 5, perceived injustice is often a powerful driver of employee turnover.

Notice that the potential causes are located in different components (inputs and processes) and different levels within the Organizing Framework. Using the Organizing Framework to identify potential causes increases the likelihood that you'll identify the appropriate ones, essential to creating and implementing the best solution in Step 3.

Step 3: Generate Effective Recommendations Using OB Now it's time to review the potential causes and identify the most likely and significant ones for the problem you defined in Step 1. Returning to our scenario, we list brief recommendations for each of the potential causes outlined above. We'll address all three to highlight how much you will learn and the practical value of that knowledge.

- **Response to Cause 1: Recommendations for Improving Person Factors.** OB provides a host of ideas for solving problems. The needs of your most valuable employees could be better satisfied if they were allowed to work on projects that satisfy their values of self-direction or achievement (Chapters 2 and 5). Job satisfaction might be increased through rewards that equitably meet employees' needs. Finally, motivation can be enhanced if people are allowed to assume more responsibility for projects (job enrichment) and decide how and when to do their work (autonomy).
- **Response to Cause 2: Recommendations for Improving Situation Factors.** Manager–employee relationships can suffer for many reasons, but let's assume some key and more junior employees in your department feel they are in the "out group," instead of the "in group," which consists mostly of older and more senior employees who have known and worked with your manager for many years. This cause sounds like poor leader–member exchange (LMX in Chapter 13), which can be remedied if managers are trained to be more inclusive and implement formal mentoring and development programs. Managers can improve the political behavior driving a negative culture by acknowledging its existence and discontinuing the practice of rewarding people who are too political. Finally, team building (see Chapter 8) can reduce conflict among employees.
- **Response to Cause 3: Recommendations for Improving Processes.** Along with the knowledge you will gain related to justice and goal setting, Chapter 6 provides a host of ideas for improving performance management practices. A good place to start is to use Table 6.1 and clearly define and communicate performance goals and expectations. If these goals are SMART, then they are more likely to be achieved. Finally, rewards are more effective if the links between particular levels of performance and rewards are made clear. Rewards and their consequences should be fair and based on accurate performance evaluations.

Are you surprised by the many causes and potential solutions for this problem? As we just illustrated, the 3-Step Approach, combined with the Organizing Framework, can help you to more effectively solve problems. This in turn will contribute to your professional (and personal) effectiveness and opportunities.

Our Wishes for You

Knowledge by itself is not an advantage. To get ahead, you must apply your knowledge. We encourage you to continually apply your new OB knowledge as you learn it. This book provides many, many opportunities. Applying your knowledge is key to achieving a more successful and fulfilling career. This is our ultimate wish for you and our goal for writing this book. Enjoy the rest of your journey!

What Did I Learn?

You learned that OB is an interdisciplinary field that focuses on understanding and managing people at work. The same rich collection of OB tools and insights that can help you succeed at work can also help at school and at home. Your understanding of the practical value of OB knowledge was increased further with the Organizing Framework for Understanding and Applying OB and the 3-Step Problem-Solving Approach. Reinforce your learning with the chapter's Key Points listed below. Next, consolidate your learning using the Organizing Framework, shown in Figure 1.5. Then, challenge your mastery of the material by answering the chapter's Major Questions in your own words.

Key Points for Understanding Chapter 1

You learned the following key points.

1.1 THE VALUE OF OB TO MY JOB AND CAREER

- OB is an interdisciplinary and applied field that involves managing the behaviors of individuals, groups/teams, and organizations.
- The practical benefits of OB are based on the contingency approach, which says that the best or most effective approach requires us to apply the knowledge and tools appropriate to a given situation, rather than relying on one best way across all situations.
- Self-awareness is critically important to both applying the contingency approach and achieving short- and long-term success at work and school.
- OB helps you enhance your attractiveness to employers, who want employees with both hard and soft skills.
- OB is far more than common sense. Common sense has limits and inherent pitfalls that OB knowledge and tools help you avoid and overcome.

1.2 RIGHT VS. WRONG–ETHICS AND MY PERFORMANCE

- Ethics is concerned with behavior—right, wrong, and the many shades of gray in between. Unethical behavior thus has many forms and causes.
- The vast majority of unethical conduct at work is *not* illegal.
- Unethical conduct negatively affects the individual targets, the perpetrators, coworkers, and entire organizations.
- Employees often encounter ethical dilemmas, or situations in which none of the potential solutions are ethically acceptable.
- Whistle-blowers are rarely protected and often suffer substantial emotional and professional costs.

1.3 APPLYING OB TO SOLVING PROBLEMS

- A problem is a difference or gap between a current and a desired outcome or state.
- Problem solving is a systematic means for closing such differences or gaps.
- The 3-Step Problem Solving Approach defines the problem, uses OB concepts and theories to understand the causes of the problem, and makes recommendations and action plans to solve the problem.

1.4 STRUCTURE AND RIGOR IN SOLVING PROBLEMS

- The person–situation distinction is a fundamental way to organize, understand, and apply OB concepts.
- Person factors are the many characteristics that give individuals their unique identities.
- Situation factors consist of all the elements outside ourselves that influence what we do, the way we do it, and the ultimate results of our actions.
- Workplace behavior occurs at three levels—individual, group or team, and organizational.

1.5 THE ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

- The Organizing Framework is a tool that helps you to organize, understand, and apply your knowledge to solve problems.
- The systems approach—inputs, processes, outcomes—is the basis of the Organizing Framework. Person and environment factors are inputs, and the processes and outcomes are organized into individual, group/team, and organizational levels.
- The Organizing Framework is extremely valuable when applied to the 3-Step Problem-Solving Approach. It helps you define problems, identify their causes, and generate recommendations.

1.6 PREVIEW AND APPLICATION OF WHAT YOU WILL LEARN

- The 3-Step Problem-Solving Approach is a simple and effective way to apply your growing knowledge of OB concepts and tools.
- The fully populated Organizing Framework is an excellent preview of the breadth, depth, and practical knowledge you will gain during this course.
- A hypothetical scenario illustrates how rigorous and structured problem solving generates greater accuracy and success.

The Organizing Framework for Chapter 1

In this chapter we introduced our first application of the Organizing Framework, showing the basic structure of inputs, processes, and outcomes (see Figure 1.5). The basic framework shown here will help you organize new concepts, theories, and tools as they are introduced, as well as help you retain and apply them. We'll use the Organizing Framework at the end of each chapter as an aid to review and apply what you've just learned.

We hope you are impressed by all that you will learn, as illustrated in the Summary Organizing Framework (Figure 1.4). The same framework can help you understand and manage behavior and solve problems in many different organizational contexts (clubs, sports teams, and other social groups).

Challenge: Major Questions for Chapter 1

You now should be able to answer the following major questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 1.5, the chapter itself, and your notes to revisit and answer the following major questions:

1. How can I use knowledge of OB to enhance my job performance and career?
2. Why do people engage in unethical behavior, even unwittingly, and what lessons can I learn from that?
3. How can I apply OB in practical ways to increase my effectiveness?
4. How could I explain to a fellow student the practical relevance and power of OB to help solve problems?

FIGURE 1.5 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

5. How can the Organizing Framework help me understand and apply OB knowledge to solve problems?
6. How can I use my knowledge about OB to help me achieve professional and personal effectiveness?

IMPLICATIONS FOR ME

First, consider the skills most sought by employers (like critical thinking, problem solving, decision making, active listening) and decide which are strengths and weaknesses of yours. Second, be sure you also develop and apply both hard and soft skills. Effective employees can no longer rely on just technical expertise.

Third, use the self-assessments in this book to identify the skills you have and decide which need development. Give your employers what they want! Be sure to highlight those valued skills you possess during interviews, and then explore and seize opportunities to develop the others.

Fourth, because unethical conduct can be so damaging to you and your career, identify the most common forms of unethical conduct in your job, determine their possible causes using Table 1.2, and be sure to confront and/or avoid these as we suggested. Most unethical conduct is not illegal, which means that legal action is rarely a viable solution. Also, be aware of the possible consequences of whistle-blowing. Finally, applying rigor and structure to problem solving can help you avoid the pitfalls of common sense and make you more successful at work, at school, and in life.

IMPLICATIONS FOR MANAGERS

Chapter 1 contains several practical implications for managers. First, identify the key skills needed to be top performers in the jobs you manage. You might consider an existing or past top performer. But we also suggest determining to what extent your current employees possess soft skills and the other skills noted as important in the most current research. Select and develop employees focusing on these skills. Second, determine the most common forms of unethical conduct for managers like you, as well as for those you manage. Identify the likely causes (see Table 1.2) and clearly explain what you expect from your employees when they are confronted with such situations. Third, realize that performance and all other employee behavior is a function of both the person and the situation. Don't be too quick to simply attribute bad (or good) behavior to the employee. Situation factors may also be at play. Finally, improve your own effectiveness and that of those you manage by applying the 3-Step Problem-Solving Approach. Be sure you define problems accurately and look for causes at multiple levels—individual, group/team, and organizational. Organizations and people are complex, and managing them requires you to consider this complexity and deal with it effectively. Models like the Organizing Framework can help.

PROBLEM-SOLVING APPLICATION CASE

United Airlines: How Do We Get There from Here?

How do we get there from here? That's the question three successive United Airlines CEOs, thousands of employees, tens of thousands of customers, and a similarly large number of investors have been asking themselves for several years. All travelers have stories to tell, and those told by some of United's passengers sound like clips from a horror movie. Some passengers were held over for 20 hours in a military barracks in Canada, at one point all flights across the globe were canceled due to a computer glitch, and champion golfer Rory McIlroy's clubs were lost on the way to a tournament.

These stories are reflections of deeper, more pervasive problems at the airline. United has been at or near the bottom in industry performance since its merger with Continental in 2010. This is true despite its competitors also executing large mergers (American with U.S. Air, Delta with Northwest) and confronting the same economic pressures. Besides suffering generally declining revenues and profits over many years, United was the target of 43 percent of all traveler complaints filed against US-based airlines in 2015 and ranked last in customer satisfaction among its peers. The company also paid $2.8 million in fines for leaving passengers stranded on the tarmac and mistreating those with handicaps. One passenger with cerebral palsy had to crawl off the plane because a wheelchair was unavailable.[65]

CUTTING TO GET AHEAD

Management's intense focus on cutting costs—through layoffs, furloughs, and the outsourcing of baggage handling—has demoralized employees, the same employees who have to deal with unhappy travelers whose flights have been delayed or canceled, or who have horrible coffee or lost luggage. Employees also complained that their new uniforms are cheap and of poor quality.

The airline has long struggled to sign contracts with flight attendants, mechanics, pilots, and gate agents. An airline analyst for Bloomberg Intelligence described the situation this way: "Unhappy mechanics do not tend to go the extra mile—or the extra foot—to get the airplane ready to go." The seriousness and pervasiveness of employee problems are captured by the following passenger quote about United's employees: "As individuals they are really nice people . . . but they are in such a horrible situation, constantly trying to deal with customers that are not happy, and they're completely powerless."[66]

WHO'S TO BLAME?

Who is responsible for sustained poor performance? Many point to the CEO. United has had three since 2010. Jeff Smisek, who led Continental, orchestrated the merger with United at that time and was responsible for implementing (or not) many of the changes since. The merger of the two airlines' many operating systems was done all at once and not effectively. For instance, the program used to schedule pilots actually lost track of pilots and led to widespread flight cancellations. The same faulty system even assigned flights to pilots who were retired or dead.[67]

Smisek was ousted from the top spot, along with two other executives, due to allegations of unethical conduct. The three were accused of trading favors with David Samson, chair of the Port Authority and in charge of Newark Liberty International Airport (a major hub for United). Samson was to allocate millions of dollars to upgrade gates and terminals used by United in exchange for the airline reinstating a flight from Newark to Columbia, South Carolina, where Samson had a summer home. The unprofitable flight, later known as the "chairman flight," was not only reinstated, but it also was scheduled to take off and land at times convenient for weekend travel. (The flight was immediately canceled after Smisek's dismissal.)

Oscar Munoz was then appointed CEO, but he suffered a heart attack weeks later. In his absence, Brett Hart, United's general counsel, served as the interim CEO. Munoz eventually returned, but the dismissals and the generally difficult situation have caused many other executives to leave, including some who were poached by competitors. The result is a "management suite rife with openings, and three key executives have 'acting' before their titles."[68] All told, it may be difficult for United to attract top talent in the near future.

It may be no surprise that in the midst of management turmoil the airline lost sight of its customers. Most notably United failed to make a priority of ensuring that flights departed and arrived on time. The airline has historically relied on linear routing, which entails sending one plane from New York to Chicago, then to Denver, and ultimately to Seattle. While this practice maximizes profits by keeping the plane in the air all day, loaded with revenue-generating travelers, it also means that if something goes wrong at one airport, such as bad weather or equipment failure, many other flights and their passengers are affected. In contrast, Delta Air Lines, the industry leader, made on-time performance a priority and has effectively eliminated flight cancellations unrelated to storms.

Some attempts at United to improve the efficiency and speed of boarding also went astray and actually resulted in passengers spending more time in line and boarding. Finally, United is widely known to have one of the oldest fleets in the sky.[69] This fact has implications for everybody—pilots, flight attendants, mechanics, baggage handlers, and, of course, customers.

POSSIBLE SIGNS OF RECOVERY

There is some light on the horizon. In early 2016, Munoz returned to work as CEO, bringing knowledge and credibility to the job. He worked outside the airline industry before becoming United's chief operating officer, plus he had been on the board of Continental Airlines. In his short time at the helm, he has visited employees on the job, crashed employee parties at bars, and reached out to employees in other ways. Coffee suppliers have been changed, and the airline began providing free snacks in economy class. Progress has been reported in some contract negotiations. Profits are up, as they are at all airlines since oil prices have dropped, reducing the cost of fuel. One person described the current situation this way: "The airline was just incredibly sick and Oscar Munoz is like a shot of penicillin. It's going to get better, but it has to have some time to actually settle in and work."[70]

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first to the Outcome box of the Organizing Framework to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If there is more than one desired outcome that is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Therefore, you need to determine from whose perspective—employee, manager, team, or the organization—you're defining the problem.

C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Explaining why a particular outcome is a problem helps refine and focus your thinking. It is useful if you focus on topics in the current chapter, as we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework for Chapter 1. Causes will tend to show up in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework and determine which person factors, if any, are most likely causes to the defined problem. For each cause, explain why this is a cause of the problem. Asking the "why" question multiple times is more likely to lead you to root causes of the problem. For example, are characteristics related to the CEO(s), employees, or customers causes of the problem you defined in Step 1? This might lead to the conclusion that Smisek's unethical behavior is a root cause of the problem.

B. Follow the same process for the situation factors. In the context of this case, situation factors can be external to the organization, such as competitors and the economic environment. They also can be internal to the company but outside the employee, such as leadership and organizational culture. For each factor, ask yourself, *Why is this a cause?* For example, United's competitors improved their processes and customer service, which likely led passengers to choose to fly their airlines instead. *Why did this happen?* United's leadership made cost-cutting a priority above all else, including customer and employee satisfaction. This eroded employee morale and further diminished customer satisfaction. By following the process of asking *why* multiple times you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for this chapter for guidance.

C. Now consider the Processes box in the Organizing Framework. Are any processes at the individual, group/team, or organizational level potential causes of your defined problem? It certainly seems that poor leadership and/or ineffective change management are potential causes. For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, be sure to map them onto the defined problem.

Step 3: Make recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Remember to consider the OB in Action boxes, as these contain insights into what others have done. Details of this case, for instance, describe how the board replaced the first CEO due to the alleged ethics violations. This might be part of the solution, but is this sufficient?

B. Be sure to consider the Organizing Framework—both person and situation factors, as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

To Tell or Not to Tell?

Assume you are a nursing director for a nursing home. You've been working at your facility for a few short months when you learn the company that owns the home has been improperly overbilling Medicare for the care and services provided to your residents. You bring this to the attention of the company's managers, but they do nothing. You then notify the appropriate authorities (becoming a whistle-blower) and, dismayed by the fraud and other problems, you quit.

Several months later you interview for a new position as nursing director at another company. The interview is with a panel of 10 decision makers, including the CEO, medical director, and other administrators, who will decide whether you get the job.

One other important detail: This facility is just two miles from the one you reported to the authorities before quitting. Nursing, like other industries, tends to be a very close circle of people who often cross paths repeatedly in different jobs over time.

Your Response

What would you do about divulging information regarding your allegations against your previous employer? Choose your answer from the options below. Be sure to explain and justify your choice.

1. Do not divulge the whistle-blowing.
2. Wait until you learn the outcome of the interview; if you don't get the offer, don't share the information.
3. Wait until you learn the outcome of the panel interview; if you get a job offer, then tell the person who makes you the offer about the allegations.
4. Tell all members of the panel during your interview.
5. Create and explain another course of action.

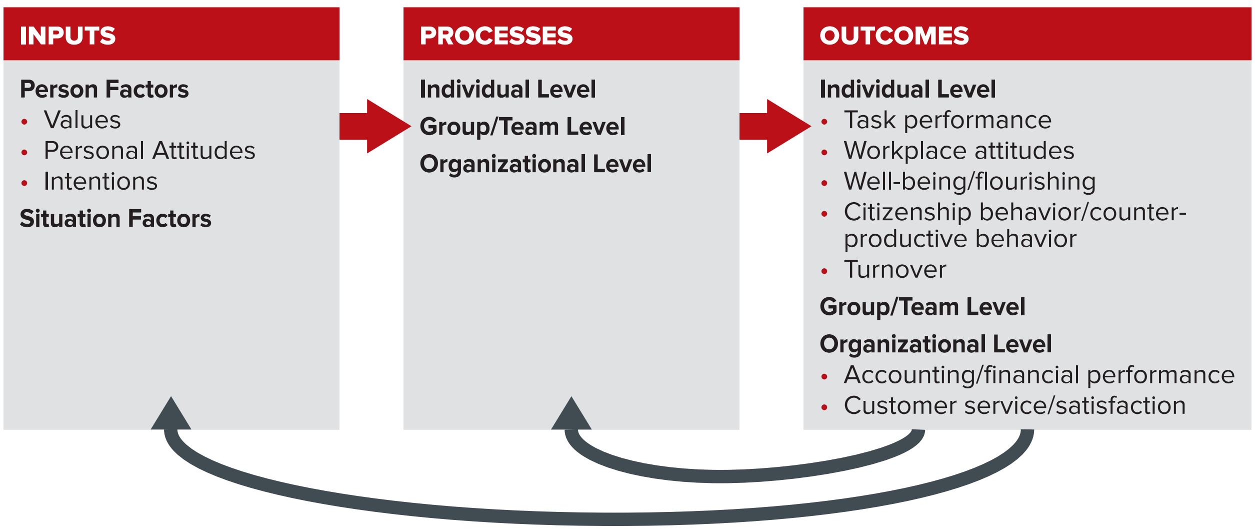
2 VALUES AND ATTITUDES

How Do They Affect Work-Related Outcomes?

Major Topics I'll Learn and Questions I Should Be Able to Answer

The Organizing Framework for Understanding and Applying OB shown in Figure 2.1 summarizes what you will learn in this chapter. Chapter 2 begins your study of the way values, personal attitudes, and intentions serve as inputs to a host of individual- and organizational-level outcomes. Remember, we generally define problems as gaps between the current and the desired state of one or more outcomes. In this chapter, pay attention to the way values and personal attitudes might become causes of problematic outcomes, such as low task performance, poor workplace attitudes, low well-being/flourishing, low citizenship behavior/counterproductive behavior, and high turnover. These inputs also might contribute to explaining the organizational-level outcomes of poor firm performance and low customer service or satisfaction.

FIGURE 2.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



Winning at Work

Learning to Combat Bullying

Most folks think they left bullying back in the school yard. Sometimes they are wrong. Consider Carl Dessureault, a bus driver repeatedly harassed by coworkers because his appearance was similar to that of a rape suspect sought by police. He was asked questions like, "What's it like to rape women?" and "Who's your next victim?" Dessureault sought counseling, was put on antidepressants, and ultimately committed suicide.[1]

Bullying **"occurs when an individual experiences a number of negative behaviors repeatedly over a period of time."**[2] One occurrence is not considered bullying unless the behavior has the potential to become threatening in the future. We discuss bullying here as an example of a behavior that is partly driven by an individual's values. For example, people are more likely to be a bully if they possess "power-oriented" values. Values associated with benevolence and tradition would be less likely to promote bullying.

Frequency and Source of Bullying

Research conducted by the Workplace Bullying Institute estimates that 27 percent of the US workforce has been bullied. Another 21 percent of workers have witnessed bullying. All told, then, nearly half the US workforce has been exposed to bullying. Interestingly, most bullies are bosses, and the majority are men (about 60 percent). Women tend to be bullied more than men.[3]

Types of Bullying Behavior

Bullying includes various behaviors. It can be acts of physical aggression, such as pushing, pinching, or cornering. It can be verbal taunts and threats, such as name calling, jokes at someone's expense, and humiliation. It can be relational aggression, such as gossip, rumors, and social isolation. It can be cyber-aggression, such as posting negative or derogatory images, text messages, or e-mail. Bullying also is more likely to occur in small than large firms.[4]

Consequences of Bullying

Short-term effects of being bullied include increased anxiety, panic attacks, health-related symptoms, and counterproductive behavior along with decreased job satisfaction, self-esteem, attendance at work, and job performance. Long term, bullying can lead to employee turnover, depression, symptoms akin to post-traumatic stress disorder, and suicide.[5] Experts estimate it can cost a firm up to $100,000 per year in health-related claims and lost productivity for each bullied employee.[6]

Combating Bullying

What can you do to combat bullying if you are the target?

- ***Keep a Record.*** The bully is going to deny your accusations, so include information about the time, date, and place and details of what happened and what was said. Be specific and truthful and stick to the facts. If the bullying occurs electronically, all you need do is keep a copy of the messages.
- ***Plan Your Interactions.*** Bullies are more active when they are alone with their victims. If you must continue working with the bully, avoid being alone with him or her. Make sure someone is within earshot of any interactions, and consider using a smartphone to record aggressive behavior.
- ***Confront the Bully.*** Tell the bully how you feel about his or her behavior. Use an I message, such as, "I felt humiliated when you called me stupid in the meeting yesterday." You might consider confronting the bully with others who have been victimized. Presenting a united front is more effective in certain cases.
- ***Escalate the Situation.*** If the bully is your boss, speak with your boss's boss, a member of human resources, or your state's employee assistance program. You may want to request a transfer if you are afraid of retaliation. If the bully is a peer or someone else in the organization, arrange a one-on-one with your boss.
- ***Stay Calm, but Take Care of Yourself.*** Resist the temptation to strike back. This can cost you your job or reputation. Finally, seek social support from family and friends with whom you can discuss the issue and let off some steam. They also may provide useful tips.[7]

What's Ahead in This Chapter

Now that you have new tools to make OB work for you—tools like the Organizing Framework and the 3-Step Problem Solving Approach—you're ready to put them to work. With this chapter we begin exploring how individual-level factors influence a host of important outcomes. Specifically, we look at the way individual-level factors such as values affect workplace attitudes and behavior. We help you explore how your personal values affect your own workplace attitudes and behavior. We'll outfit you with OB concepts to understand key work-related attitudes—organizational commitment, employee engagement, and perceived organizational support—which lead to important outcomes at the individual and organizational levels. Before you're done, you will understand the causes and consequences of job satisfaction, an important outcome for both employees and managers.

2.1 PERSONAL VALUES

MAJOR QUESTION

What role do values play in influencing my behavior?

THE BIGGER PICTURE

You may already have a good understanding of your personal values and the role they play in your life. In an organization, personal values contribute to workplace attitudes and behavior. So it's important to understand how the full range of potential human values affects our attitudes and behavior at work. Then you can use this knowledge to influence outcomes in the Organizing Framework for Understanding and Applying OB.

Values **are abstract ideals that guide our thinking and behavior across all situations.** They stem from our parents' values, our experiences in childhood and throughout life, and our religious or spiritual beliefs. Values are relatively stable and can influence our behavior without our being aware of it.

Understanding the way values affect our behavior matters for two reasons. First, values guide our actions across all situations. Knowing this helps you to self-manage, such as by choosing a major or career for which you are well suited. Second, you will be more effective at influencing others' attitudes and behaviors when you are armed with an understanding of values and their effects.

Renowned researcher Shalom Schwartz created a theory of personal values that many managers and OB professionals find useful for understanding the motivational impact of our values. Let's look at this theory.

Schwartz's Value Theory

Schwartz proposed that broad values motivate our behavior across any context. He categorized these values into two opposing or bipolar dimensions, as outlined in Table 2.1. The first dimension ranges from concern for the welfare of others (which Schwartz calls *self-transcendence*) to pursuit of one's own interests (*self-enhancement*). The second

TABLE 2.1 BIPOLAR DIMENSIONS IN SCHWARTZ'S MODEL

FIRST BIPOLAR DIMENSION	
Self-Transcendence	**Self-Enhancement**
Concern for the welfare and interests of others (universalism, benevolence).	Pursuit of one's own interests and relative success and dominance over others (power, achievement).
SECOND BIPOLAR DIMENSION	
Openness to Change	**Conservation**
Independence of thought, action, and feelings and readiness for change (stimulation, self-direction).	Order, self-restriction, preservation of the past, and resistance to change (conformity, tradition, security).

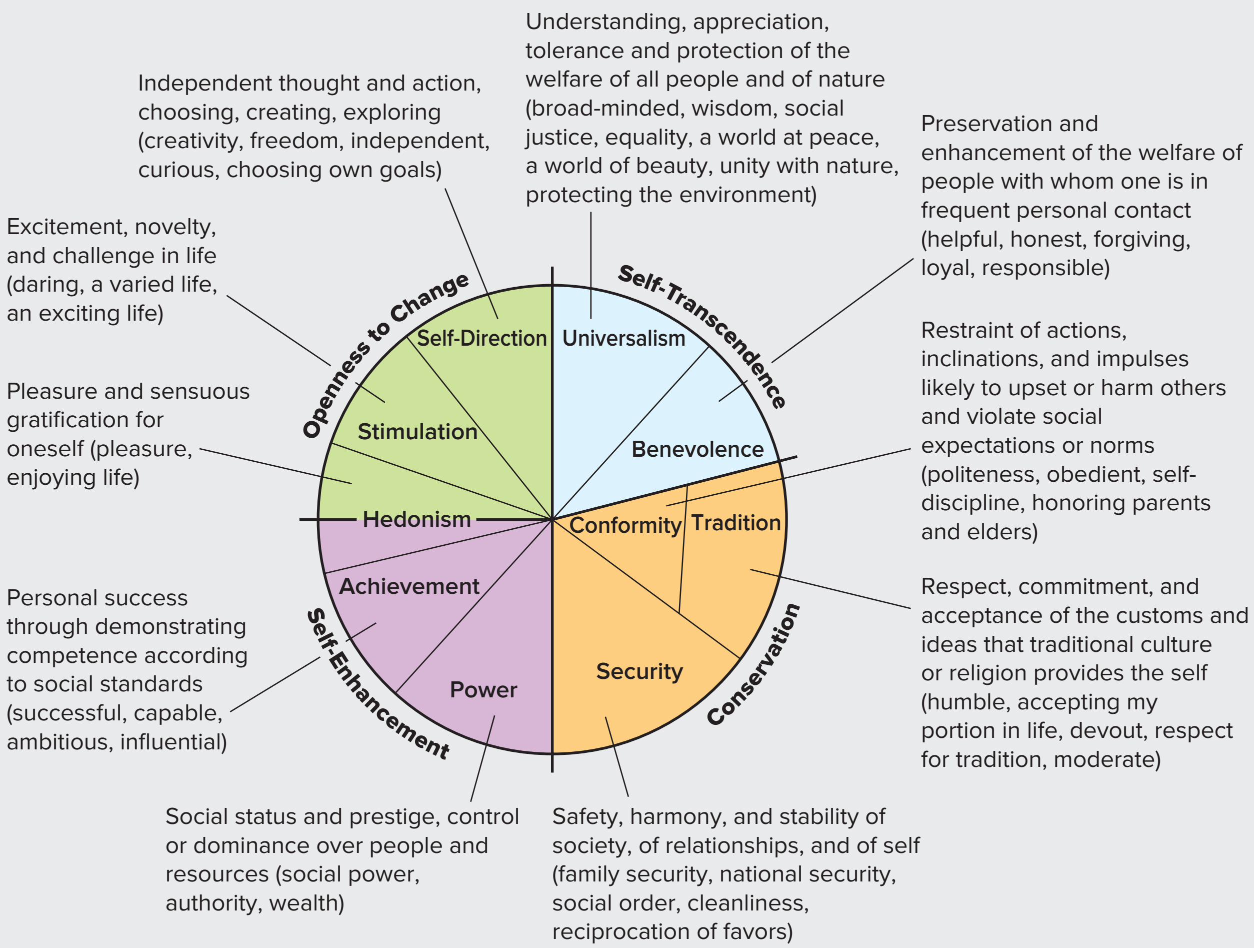
dimension ranges from self-directed independence (which Schwartz calls *openness to change*) to conformity (*conservation*). Schwartz stressed that it is the relative importance we give to these two dimensions of opposing values that drives our behavior.[8] For example, if you value achievement (self-enhancement) over universalism (self-transcendence), you will spend your evening studying hard to get an A in this class rather than attending a meeting about fighting climate change. Our values help us to make these types of choices.

Schwartz categorized 10 broad values within these two bipolar dimensions. Figure 2.2 shows those 10 values as the slices of a pie, with the underlying bipolar dimension shown outside the circle. Schwartz located the 10 values in a circular-motivation structure to illustrate their compatibility. In general, adjacent values (like self-direction and universalism) are more compatible. That is, these values share a common focus that promotes their acceptance within an individual. Values that are farther apart (like self-direction and power) are less compatible or in conflict. Opposing values are less likely to be held by an individual.

In Figure 2.2, Schwartz noted that one set of values is in opposition to the other set, as suggested by the use of color. Notice the unique treatment of several values: Tradition and conformity share a single wedge, supporting the same broad motivational goal. Conformity is toward the center because it does not conflict with the opposing value quite as much as does tradition, which is toward the outside. See also that hedonism shares elements of both openness to change and self-enhancement.

Protesting is often driven by values-based issues such as global warming. These protesters might be expressing the self-transcendence value of universalism and the self-direction value associated with openness to change. In contrast, completing a college degree might reflect values associated with achievement, power, and stimulation. The point to remember is that values affect our interests, behavior, attitudes, and performance. (left): © McGraw-Hill Education/John Flournoy, photographer; (right): © moodboard/SuperStock RF

FIGURE 2.2 VALUES AND MOTIVES IN SCHWARTZ'S THEORY



SOURCE: Graphic from S. H. Schwartz, "An Overview of the Schwartz Theory of Basic Values," *Online Readings in Psychology and Culture* 2(1), December 1, 2012, http://dx.doi.org/10.9707/2307-0919.1116. Definitions from A. Bardi and S. H. Schwartz, "Values and Behavior: Strength and Structure of Relations," *Personality & Social Psychology Bulletin,* October 2003, 1208.

Workplace Application of Schwartz's Theory You can feel comfortable applying this theory because research supports its basic structure and its prediction of behavior. Research also confirms the theory's relevance cross-culturally for both children and adults. As you might expect, the priorities given to Schwartz's values do vary across countries.[9]

Managers can better supervise workers by using Schwartz's model to understand their values and motivation. For example, if a manager knows that an employee values universalism and benevolence, then it would be wise to assign this employee to projects or tasks that have social value. Managers can also use Figure 2.2 to reduce the chances of employees' experiencing conflict between their values and their work assignments, when options are available. An employee who values tradition and conformity over achievement, for example, will not be happy about being asked to work on a holiday or to miss a child's school play for work.

Managers can also reduce employee turnover by trying to reduce the gap between an employee's values and the values that support the organization's culture. (We discuss organizational culture in Chapter 14.) For example, an employee who wants security and tradition (two values that are part of the conservation motive) will likely be dissatisfied with a job that provides little direction and changing job requirements (two values that are part of the openness to change motive).

Personal Application of Schwartz's Theory Schwartz's model can help you determine whether your values are consistent with your goals and whether you are spending your time in a meaningful way. Complete a Self-Assessment that measures the worth to you of Schwartz's 10 values, and then incorporate the results into a Take-Away Application.

connect SELF-ASSESSMENT 2.1

What Are My Core Values?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 2.1 in Connect.

1. Rank your scores for the values from high to low. Do you agree with this rank order?
2. What are your top five values? Which do you think has the greatest impact on your personal goals?
3. Do you think you may want to focus more on any of the five lowest-rated values as you graduate from school and pursue a career? Explain.

TAKE-AWAY APPLICATION

Aligning My Values and Goals

1. Identify the three most important goals in your life.
2. Now consider the extent to which your personal goals are aligned with the top five values identified in the Self-Assessment. Are your goals and values aligned?
3. If any values are inconsistent with your goals, theory suggests you should either change your values or change your goals. Because values don't easily change, it is usually wiser to change your goals. Identify what you might do to align your goals more closely with your values.

The Dynamics of Values

In general, our values are relatively stable across time and situations. This means that positive employee attitudes and motivation are greatest when the work environment is consistent with employee values. For example, outdoor gear retailer Recreational Equipment, Inc. (REI), attempts to attract and motivate employees by letting them "use kayaks, skis, and other equipment for free [which they can buy new at a deep discount]."[10] The company does this because it believes that its employees are motivated to participate in outdoor activities.

Values tend to vary across generations because they are influenced by events in childhood and youth. For example, our parents lived through the Depression, which lasted through the 1930s and part of the 1940s. This experience led them to value security and to be conservative with their money. They did not like debt, and they opposed the use of credit cards. Do you know anyone with values like these? In contrast, the values held by baby boomers, people born between 1946 and 1964, are influenced by events like the assassination of President John F. Kennedy, the Vietnam War, and the shooting deaths of student protesters at Kent State University: One of the authors of this text (Angelo) attended Kent State two years after the tragic event. In contrast, Millennials, people born between 1980 and 2001, have been influenced by events like September 11, the wars in Iraq and Afghanistan, and the financial crisis of 2008. Their values are different too. We discuss generational differences thoroughly in Chapter 4.

2.2 PERSONAL ATTITUDES AND THEIR IMPACT ON BEHAVIOR AND OUTCOMES

MAJOR QUESTION

How do personal attitudes affect workplace behavior and work-related outcomes?

THE BIGGER PICTURE

Closely related to values are personal attitudes, which also operate as an input in the Organizing Framework for Understanding and Applying OB. (In contrast, *workplace* attitudes are defined as outcomes in the framework.) Personal attitudes have three components—affective, cognitive, and behavioral. Knowing these components helps us understand how and when personal attitudes affect behavior. Have you ever been stopped short by something that didn't seem to make sense? When personal attitudes collide with reality, the result is cognitive dissonance. From an OB perspective, your personal attitudes affect your behavior via your intentions.

In this section, we discuss the components of personal attitudes and examine the connection between personal attitudes and behavior.

Personal attitudes affect behavior at a different level than do values. While values represent *global* beliefs that influence behavior across *all* situations, personal attitudes relate only to behavior directed toward *specific* objects, persons, or situations. We summarize the differences between the two in Table 2.2.

Attitudes **represent our feelings or opinions about people, places, and objects and range from positive to negative.** They are important because they influence our behavior. For example, you are more likely to select chocolate ice cream over vanilla if you are more positively disposed toward chocolate. In contrast, ***workplace attitudes*** **are an outcome of various OB-related processes, including leadership.** In this chapter we reserve the term *workplace attitudes* for attitudes that have resulted from the interaction of various individual, group, and organizational processes. We examine the effects of workplace attitudes later in Section 2.3.

As predictors of likely behavior, attitudes attract serious attention. Hardly a day goes by without the popular media reporting the results of another effort to take the pulse of public opinion (attitudes). Political consultants use poll results, for instance, to draft messages meant to nudge the public's attitudes toward desired results. In the workplace, managers conduct attitude surveys to monitor workplace attitudes like job satisfaction and employee engagement, and to identify the causes of employee turnover.

TABLE 2.2 DIFFERENCES BETWEEN VALUES AND PERSONAL ATTITUDES

Concept	Scope	Influence	Affects Behavior
Personal Values	Global	Broad: All situations	Variously
Personal Attitudes	Specific	Targeted: Specifically	Via intentions

OB in Action

Hospitality Industry Uses Attitude Surveys to Target Causes of Turnover

The hospitality industry is using attitude surveys to identify the causes of employee dissatisfaction and turnover and perhaps discover why there is a shortage of good cooks. A recent survey conducted by Culinary Agents revealed that career development opportunities were very important to kitchen and dining room employees. Managers use results from surveys like this to make organizational changes. One restaurant, for instance, implemented a Sous Chef Supper Series, in which underchefs can introduce original dishes to the public. Others are making it easier for their cooks to stay healthy. Chef Tony Maws of Craigie on Main in Cambridge, Massachusetts, offers company-sponsored yoga classes for employees. At SPQR in San Francisco, executive chef Matthew Accarrino has led his kitchen staff on bike rides to the Napa Valley to visit the restaurant's partnering farm.[11]

YOUR THOUGHTS?

1. What are the pros and cons of using results from attitude surveys to create organizational changes?
2. Do you think the changes described above will reduce employee turnover for cooks? Explain.

Personal Attitudes: They Represent Your Consistent Beliefs and Feelings about Specific Things

Consider a work example. If you have a positive attitude about your job (specifically, you like what you are doing), you should be more willing to extend yourself by working longer and harder. This example illustrates that attitudes propel us to act in a specific way in a specific context.

The chef in the foreground appears to be enjoying her job. Not only does this attitude positively impact her performance, but it is contagious to others in the kitchen. Do you think we have a choice in our work attitudes? In other words, do people choose to be positive at work?

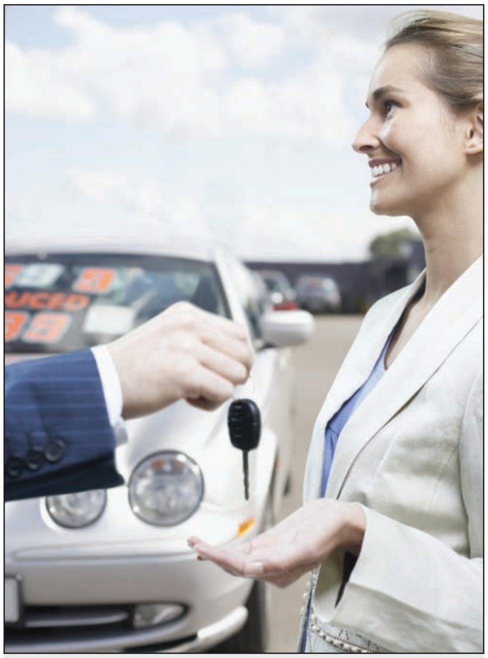
Values and attitudes are generally in harmony, but not always. A manager who strongly values helpful behavior may have a negative attitude toward helping an unethical coworker.

The Three Components of Attitudes: Affective, Cognitive, and Behavioral

Our overall attitudes toward someone or something are a function of the combined influence of three components of attitudes:

1. **The affective component—"I feel." The *affective component* of an attitude contains our feelings or emotions about a given object or situation.** For example, how do you *feel* about people who talk on their cell phones in restaurants? If you feel annoyed with such people, you are experiencing a negative affect toward them.
2. **The cognitive component—"I believe." The *cognitive component* of an attitude reflects our beliefs or ideas about an object or situation.** What do you *think* about people who talk on cell phones in restaurants? Your idea that such behavior is rude (or not) represents the cognitive component of your attitude.
3. **The behavioral component—"I intend." The *behavioral component* refers to the way we intend or expect to act toward someone or something.** For example, how would you intend to respond to someone talking on a cell phone during dinner at a restaurant if this individual were sitting near you and your guest?

All three components influence behavior. You are unlikely to say anything to someone using a cell phone in a restaurant if you are not irritated by this behavior (affective), if you believe cell phone use helps people manage their lives (cognitive), and if you have no intention of confronting the individual (behavioral).



We are more likely to purchase a car when we have positive attitudes toward it. These attitudes might pertain to make, model, color, price, and quality. What are your attitudes toward purchasing a white used car? Which component of attitudes is most strongly affecting your overall attitude toward white used cars?

When Attitudes and Reality Collide: Consistency and Cognitive Dissonance Have you ever been accused of being a hypocrite—saying one thing and then behaving differently? Like most people, you probably want to maintain consistency between your attitudes and your behavior.

But sometimes attitudes conflict with reality. Suppose that Samantha has a positive attitude about helping others. One day her boss asks her to work on a special project for an important new client—and it must get done in two months. The project represents significant revenue, and her boss even promises a bonus for successfully completing it on time. Samantha would like to use the bonus to purchase a new car. The rub is that two of her peers have also come to her seeking help on *their* project. Samantha believes she is well suited to help them given her past experience, but she feels it would take time away from completing her special project. Should she make time to help her peers or focus solely on the special project? According to social psychologist Leon Festinger, Samantha's situation is creating *cognitive dissonance*.

***Cognitive dissonance* represents the psychological discomfort a person experiences when simultaneously holding two or more conflicting cognitions (ideas, beliefs, values, or emotions).**[12] Festinger was fascinated by the way people are motivated to maintain consistency (and avoid dissonance) among their attitudes and beliefs, and the way they resolve inconsistencies that drive cognitive dissonance. From observation, he theorized that we can reduce cognitive dissonance in three ways:

1. *Change your attitude or behavior or both.* Samantha could either (a) tell herself that she can't help her peers because the special project is too important for the company or (b) schedule extra time each day or week to help her peers.
2. *Belittle the importance of the inconsistent behavior.* Samantha could belittle (in the sense of "make small") the belief that she needs to help peers every time they ask for assistance.
3. *Find consonant elements that outweigh dissonant ones.* Samantha could tell herself that she can't help because the company needs the revenue and she needs the bonus.

Attitudes Affect Behavior via Intentions

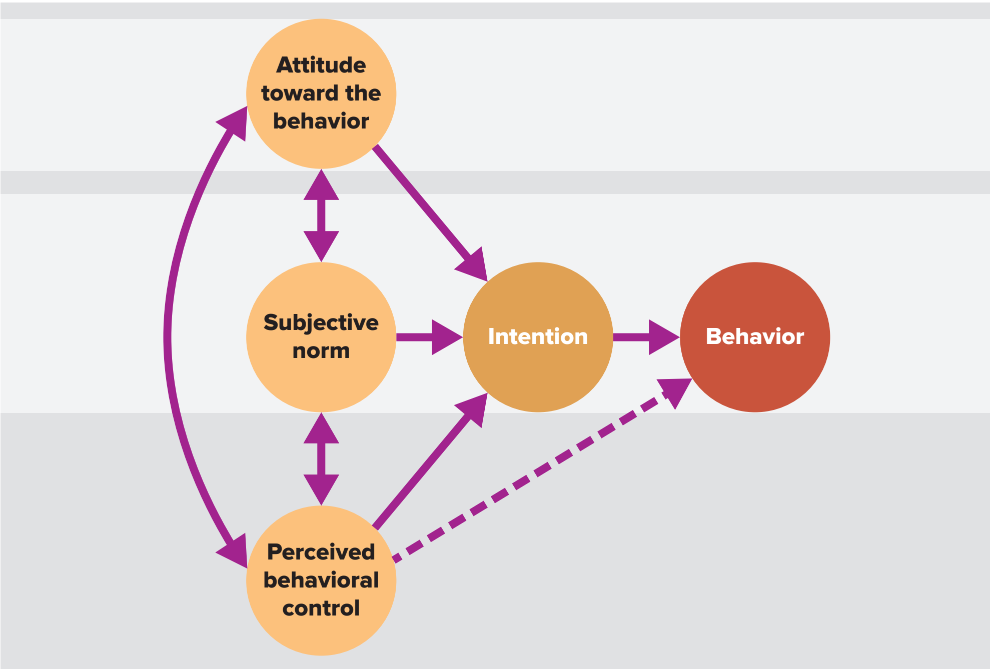
Psychologists I. Ajzen and M. Fishbein further explored the reasons our attitudes and behavior can be misaligned. Based on this work, Ajzen developed and refined a model focusing on intentions as the key link between attitudes and planned behavior. See Figure 2.3.

Determinants of Intention Figure 2.3 suggests that three key general motives (in the three gold circles) predict or at least influence intention and behavior.

1. *Attitude toward the behavior:* the degree to which a person has a favorable or unfavorable evaluation of the behavior in question.
2. *Subjective norm:* a social factor representing the perceived social pressure for or against the behavior.
3. *Perceived behavioral control:* the perceived ease or difficulty of performing the behavior, assumed to reflect past experience and anticipated obstacles.[13]

Consider the intention of donating blood. You would have a positive intention if you thought donating was valuable for society (attitude toward the behavior), if your friends were going to join you (subjective norm), and if you had the time to participate (perceived control).

FIGURE 2.3 AJZEN'S THEORY OF PLANNED BEHAVIOR



SOURCE: I. Ajzen, "The Theory of Planned Behavior," *Organizational Behavior and Human Decision Processes*, Vol. 50, No. 2, Copyright © 1991.

Problem-Solving Application

Southwest Pilots Stage an Informational Picket. What Should Management Do?

Southwest Airlines pilots conducted their first-ever informational picket at Dallas Love Field in 2016. This action was long coming. Let's consider some background.

In 2015, the president and negotiating committee of the Southwest Airlines Pilots' Association (SWAPA) all resigned. They did this because 62 percent of the company's pilots rejected a proposed labor contract that included pay raises and increased company retirement contributions but also would have affected work rules and flying schedules. Captain Mike Panebianco, the union's vice president, said the president resigned because he supported heavily the deal he presented to members, which they rejected.[14]

The new union president, Captain Jon Weaks, expressed his frustration with the current state of affairs. He said, "Shared sacrifice and shared success have been historical tenets of Southwest. We are approaching four years of negotiations and we have sacrificed much during this period to contribute to the company's record-breaking financial success. We are long past overdue for our company to share that success with hardworking professional pilots of SWAPA. After nearly four years of protracted negotiations, SWAPA has decided that it is time to publicly demonstrate our collective dissatisfaction and unified resolve to management, the flying public, and Southwest shareholders."[15]

Pilots at the picket line commented on the erosion of Southwest's company culture of shared sacrifice and shared success. Weaks commented that "culture prioritizes employees." He and other pilots feel that the company does not value employees as much as it did in the past.[16]

Southwest's record profits and the rejected contract might have influenced the pilots' attitudes and behavior when they decided to picket. In 2015 Southwest earned a fourth-quarter profit of $536 million, almost three times what it was a year earlier. As a whole, 2015 was a record year for profits. The company planned to use some of this money to purchase more planes and reward its shareholders.[17]

Captain Paul Jackson, former president of SWAPA, responded to Southwest's financial success by saying, "The airline has grown significantly in profitability, market share, and shareholder value. Everybody has double-digit and triple-digit growth, but the pilots haven't had a raise since 2012."[18]

To make matters worse for Southwest, SWAPA believes Southwest's pilots are currently 12 percent underpaid relative to Delta and American Airlines contracts. The union further contends that Southwest pilots would be 20 percent underpaid relative to a contract that was being negotiated with Delta pilots: It was not ratified.[19] SWAPA would like to see a 15 percent increase in base wages with a "modestly higher profit-sharing as a minimum to get a deal done."

Apply the 3-Step Problem-Solving Approach

Action 1: What is the problem in this case.

Action 2: Identify the causes of the problem.

Action 3: Make a recommendation to correct the situation.

Putting the Theory into Practice We provide a case regarding Southwest Airlines as a context for applying this theory. Once you identify the problem in the case, Ajzen's theory can be used to explain why the pilots are picketing. You do this by considering whether or not the three determinants of intentions are influencing the pilots' behavior of picketing. If you conclude that one or more of these determinants is a cause for the picketing, then propose what management can do to change the situation. For example, if you believe that pilots have a positive attitude about picketing, then what should management do to change these attitudes?

Research and Practical Applications According to the Ajzen model, someone's intention to engage in a given behavior is a strong predictor of that behavior. For example, if you want a quick way to determine whether a worker will quit his or her job, have an objective third party ask the worker what he or she intends. The answer is likely to be accurate. Research supports this conclusion[20] and the prediction that intentions are influenced by the three general motives in Ajzen's model.[21]

So if we want to change behavior, we should look at intentions and ways we might modify them by working on the three general motives shown in Figure 2.3. Managers may be able to influence behavioral change by doing or saying things that affect the three determinants of employees' intentions to exhibit a specific behavior: attitude toward the behavior, subjective norms, and perceived behavioral control. In your own life, if you want to exercise more, you should start by changing your intentions about exercising and your associated beliefs about it.

Let's consider another practical illustration. Have you ever wanted a classmate to increase the quality of his or her work on a team project? If so, Ajzen's model can help you. Start by trying to create a *positive attitude* toward contributing high-quality work. You might do this by telling the person that getting a good grade on the project will increase everyone's chances of getting higher grades for the course and ultimately a better job upon graduation. Next, model the desired behavior by producing good work yourself and recognizing others who do the same. This should strengthen the *subjective norm* about doing high-quality work. Finally, talk to the individual about any obstacles getting in the way of high-quality work and discuss solutions for overcoming them. This should increase the person's *perceived behavioral control.*

TAKE-AWAY APPLICATION

Applying the Theory of Planned Behavior

1. Based on the theory of planned behavior, how might you improve your attitude about studying for this course?
2. How can you influence the social norms about studying for classes?
3. Assume you want to get a good job upon graduation. What does the theory of planned behavior suggest that you should do or continue doing?

2.3 KEY WORKPLACE ATTITUDES

MAJOR QUESTION

Why should management pay attention to workplace attitudes?

THE BIGGER PICTURE

Of the many workplace attitudes we might see as outcomes in the Organizing Framework for Understanding and Applying OB, researchers have identified a small number that are especially potent. These *key* attitudes allow you to track a limited number of workplace attitudes to gauge how the organization is doing. When you try to make sense of the workplace on either side of a manager's desk, these are the important attitudes to follow.

Savvy managers will track four key workplace attitudes:

1. Organizational commitment
2. Employee engagement
3. Perceived organizational support
4. Job satisfaction

These attitudinal measures serve a dual purpose. First, they represent important outcomes that managers may be working to enhance directly. Second, they link to other significant outcomes that managers will want to improve where possible. For example, low job satisfaction and low employee engagement imply lower task performance and higher employee turnover.[22] This is why managers should track key workplace attitudes and understand their causes and consequences.

EXAMPLE Earls, a Canadian chain of 65 restaurants with as many as 8,000 employees, has truly adopted the recommendation to survey employees' work attitudes. The company sends short surveys measuring workplace attitudes to employees' mobile devices every three months. According to *The Wall Street Journal*, Earls does this because management has concluded "the components of engagement—employee happiness and commitment to the business—are exactly what drives sales, and therefore the bottom line."[23]

This section specifically examines the first three of the four attitudes: organizational commitment, employee engagement, and perceived organizational support. Job satisfaction, the most studied workplace attitude, will be covered in a later section.

Organizational Commitment

OB researchers define *commitment* as "a force that binds an individual to a course of action of relevance to one or more targets."[24] This definition highlights the way OB researchers link commitment to behavior and the way workers can commit to multiple targets or entities. For example, an individual can be committed to his or her job, family, girl- or boyfriend, faith, friends, career, organization, and/or a variety of professional associations. Let us now consider the application of commitment to a work organization.

Organizational commitment **reflects the extent to which an individual identifies with an organization and commits to its goals.** Committed individuals tend to display two outcomes:

- Likely continuation of their employment with the organization.
- Greater motivation toward pursuing organizational goals and decisions.

What Drives Organizational Commitment? Many factors inspire organizational commitment, but let's start with a basic one. Organizational commitment exists to the degree that your personal values match the values that pervade your company's organizational culture. For example, if you value achievement and your employer rewards people for accomplishing goals, you are more likely to be committed to the company. This consistency between personal and company values is called person–culture fit and is discussed in Chapter 14.

Throughout this book we will cover other drivers of organizational commitment, including:[25]

- Personality.
- Meaningfulness of the work being performed.
- Organizational climate.
- Leader behavior.
- Organizational culture.

Finally, commitment depends on the quality of an employee's psychological contracts. ***Psychological contracts*** **represent an individual's perception about the reciprocal exchange between him- or herself and another party.** In a work environment, the psychological contract represents an employee's beliefs about what he or she is entitled to receive in return for what he or she provides to the organization. Research shows that an employer breach of the psychological contract is associated with lower organizational commitment, job satisfaction, and performance and with greater intentions to quit.[26]

How Can Managers Increase Employees' Commitment? To highlight how managers can increase employees' commitment, we review three general best practices and then discuss approaches used by Edward Jones, Cisco, and Google.

General Best Practices

- Hire people whose personal values align with the organization's.
- Make sure that management does not breach its psychological contracts.
- Treat employees fairly and foster trust between managers and employees.

Example Company: Edward Jones

- *Fortune* listed it as the sixth best company to work for in 2015.
- Close-knit culture is promoted across 12,000 offices.
- Partnership/ownership structure allows for profit sharing.
- Mentoring is a valued tradition. Advisers mentor others rather than competing with each other.
- Paid time off is granted to volunteer.
- About 75 percent of new hires come from employee referrals.[27]

Example Company: Cisco

- *Fortune* listed it as the 70th best company to work for in 2015.
- Great pay and recognition are hallmarks; 57,000 employees were recognized in 2015 for displaying Cisco's corporate values.

- Flextime helps employees achieve work–life balance. ***Flextime*** **is a policy of giving employees flexible work hours so they can come and go at different times, as long as they work a set number of hours.**
- Five of Cisco's largest campuses offer fitness and health centers.
- Employees are given time off to volunteer, and the company matches this time with financial contributions to the volunteers' programs.
- Employees get 30 days of holiday and vacation time following one year of employment.[28]

Example Company: Google

- Google was *Fortune*'s No. 1 best company to work for from 2013 to 2015.
- Volunteerism is encouraged and supported both globally and locally.
- To expand employees' perspectives, the company sponsors visits from authors, performers, politicians, and celebrities.
- Staff attend weekly group sit-downs with Google founders Larry Page and Sergey Brin.
- Benefits include up to 12 weeks of paid parental leave, 28 days of holiday and vacation time after one year of employment, unpaid sabbaticals, on-site child care, and flexible scheduling.
- The company maintains three wellness centers.[29]

Employee Engagement

Observing workers at a summer camp and an architecture firm in 1990, William Kahn defined ***employee engagement*** **as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves**

This employee looks highly engaged with his work. Note the attention and focus he uses to measure aspects of this skull. Would you find this type of work meaningful?
© Adam Gault/agefotostock RF

physically, cognitively, and emotionally during role performance."[30] The essence of this definition is the idea that engaged employees "give their all" at work. Further study identified its components as four feelings:

- Urgency
- Focus
- Intensity
- Enthusiasm[31]

Have you ever felt at work or school that time seems to fly by? If yes, then you understand why academics, consultants, and managers want to understand how they can harness the power of employee engagement.

How Much of the US Workforce Is Actively Engaged? The US workforce appears to be achieving at above the global average. Consulting firm Aon Hewitt has tracked data on employee engagement around the globe for over 15 years, studying millions of employees. Recent figures for North America (of which the United States is the largest component) are shown in Table 2.3.[32] The US workforce leads several regions but is outpaced by Latin America and Africa-Middle East.

What Contributes to Employee Engagement? Let's use the Organizing Framework for Understanding and Applying OB to identify key drivers of employee engagement.

Person Factors

- Personality.
- Positive psychological capital.
- Human and social capital.[33]

Situation Factors

- Job characteristics. People are engaged when their work contains variety and when they receive timely feedback about performance.
- Leadership. People are more engaged when their manager is supportive and maintains a positive, trusting relationship with them.[34]
- Organizational climate can range from positive and inspiring to negative and depleting. Positive climates obviously foster engagement.
- Stressors. ***Stressors*** **are environmental characteristics that cause stress.** Engagement is higher when employees are not confronted with a lot of stressors.[35]

What Outcomes Are Associated with Employee Engagement? Consulting firms such as Gallup, Hewitt Associates, and Blessing White have been in the forefront of collecting proprietary data supporting the practical value of employee engagement. For example, Gallup estimates that an organization whose employees are highly engaged can

TABLE 2.3 EMPLOYEE ENGAGEMENT AROUND THE WORLD

Location of Employees	Percent of Highly or Moderately Engaged Employees
1. The World	62%
2. North America	66
3. Europe	57
4. Asia Pacific	64
5. Latin America	71
6. Africa-Middle East	67

achieve 12 percent higher customer satisfaction/loyalty, 18 percent more productivity, and 12 percent greater profitability.[36] Other recent academic studies similarly showed a positive relationship between employee engagement, performance, and physical and psychological well-being and corporate-level financial performance and customer satisfaction.[37]

Now that you know engagement is correlated with performance at work, try the following Self-Assessment to measure your level of engagement with your studies. Can you improve your performance in the classroom?

connect SELF-ASSESSMENT 2.2

To What Extent Are You Engaged in Your Studies?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 2.2 in Connect.

1. Is your level of engagement what you expected?
2. How might you increase it?
3. To what extent do your professors influence your level of engagement? How might they foster more engagement from you?

How Can Managers Increase Engagement? As a manager you will have many opportunities to improve employee engagement, even if you can't offer the lavish perks of the richest corporations. One way is to make sure inputs in the Organizing Framework are positively oriented. Organizations do this by measuring, tracking, and responding to surveys of employee engagement.

> **EXAMPLE** The Ritz-Carlton was able to significantly lower employee turnover (to 18 percent vs. an industry average of 158 percent) and increase both customer satisfaction and customer spending by making changes based on results from engagement surveys.[38]

Other ideas include creating career and developmental opportunities for employees, recognizing people for good work, effectively communicating and listening, allowing people to exercise during the workday, creating a physically attractive and stimulating work environment, giving employees meaningful work to do, and empowering them.

OB in Action

Companies Foster Employee Engagement in Different Ways

- **Red Bull.** Red Bull created a stimulating work environment in its Amsterdam office to engage its employees, according to a dispatch in *Bloomberg Businessweek.* "Employees who chug too much of the merchandise, from seven Red Bull-stocked fridges, can burn off excess energy in 'The Beast,' the half of the office dedicated to play. It includes an Xbox connected to a giant screen made up of four LG Flatron TVs." At 5:30 p.m. on Fridays employees "stop answering their phones, and take turns DJ-ing as beer and wine are served."[39]
- **Booz Allen Hamilton.** Management and technology consulting firm Booz Allen Hamilton supports employee engagement through its Total Rewards

program. The "program is designed to provide not only competitive compensation, retirement benefits, health benefits, and work-life and wellness programs, but also flexible work arrangements, leave programs, career growth opportunities, and much more." Additional programs include a year-long onboarding process, training and development courses, tuition assistance, mentoring, and career planning resources. All told, these rewards and programs enhance engagement because they allow employees to learn new skills, prepare for new roles, and experiment with skills needed for their next promotion.[40]

Red Bull employees having fun at work. © Stuart C Wilson/Red Bull/Getty Images

- **Duke Energy.** James Rogers, president and CEO of Duke Energy, uses "listening sessions" to enhance engagement. He regularly meets with groups of 90 to 100 managers and encourages them to raise any issues on their minds. He also asks these employees to anonymously grade his performance.[41]

YOUR THOUGHTS?

1. What do you think about these approaches to engagement?
2. Which company approach would be most effective for you as an employee? Explain.

Perceived Organizational Support

Perceived organizational support **(POS) reflects the extent to which employees believe their organization values their contributions and genuinely cares about their well-being.** Your POS would be negative if you worked for a bad boss or a company that did not provide good health benefits or career opportunities. It would more likely be positive if you worked for The Everett Clinic in Washington. The Everett Clinic pays employees a $10,000 bonus for referring physicians, covers 100 percent of health expenses, and offers profit sharing up to 5 percent of pay.[42]

How Does POS Affect Employees? People are willing to work hard and commit to their organizations when they believe the company truly cares about their best interests. Quite simply, we are motivated by the *norm of reciprocity* to return the favor when someone treats us well. This is why we are more likely to reciprocate with hard work and dedication when our employer treats us favorably. But the favorable treatment must be voluntary, not imposed by external constraints such as government or union rules. Voluntary actions demonstrate that the giver genuinely values and respects us.

Benefits of POS Managers cannot go wrong in providing organizational support. Research shows that it is positively associated with employee engagement, organizational commitment, job satisfaction, organizational citizenship behavior, greater trust, innovation, and lower tendency to quit.[43]

How can managers foster positive POS?

They can treat employees fairly, avoid political behavior, provide job security, empower employees, reduce stressors in the work environment, eliminate abusive supervision, and fulfill the psychological contract.[44]

2.4 THE CAUSES OF JOB SATISFACTION

MAJOR QUESTION

How can changes in the workplace improve job satisfaction?

THE BIGGER PICTURE

Job satisfaction is the most frequently studied outcome in the Organizing Framework. To help you understand it better, this section provides you with the five major models of job satisfaction. These models can help you manage others and yourself, leading to an increased sense of satisfaction at work or school for you and others.

Job satisfaction essentially reflects the extent to which an individual likes his or her job. Formally defined, ***job satisfaction* is an affective or emotional response toward various facets of your job.** Notice that job satisfaction is not a monolithic concept. Rather, a person can be relatively satisfied with one aspect of her or his job and dissatisfied with one or more others.

Managers and organizations measure job satisfaction in one of two ways. The simplest is to use a single overall rating, such as, "How satisfied are you with your job?" People respond on a rating scale that might run from (1) very dissatisfied to (5) very satisfied. Have you ever completed a survey like this? The second method assess satisfaction along a series of facets. For example, researchers at Cornell University developed the Job Descriptive Index (JDI) to assess satisfaction with the following: work, pay, promotions, coworkers, and supervision.[45] This type of assessment provides more detailed and actionable information about job satisfaction. If desired, managers or researchers can add the ratings across facets to arrive at a total score.

We use a facet measure of job satisfaction in the following Self-Assessment. Completing it will inform you about your level of satisfaction for a current or past job and make the rest of the chapter more practical for you. Are you curious about where you stand?

connect SELF-ASSESSMENT 2.3

How Satisfied Are You with Your Present Job?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 2.3 in Connect.

1. What are your relative levels of satisfaction with recognition, compensation, and supervision?
2. Which of these three aspects of satisfaction is most important to you? Explain.
3. What can you do to increase your level of job satisfaction?

Source: Adapted from D.J. Weiss, R.V. Dawis, G.W. England and L.H. Lofquist, *Manual for the Minnesota Satisfaction Questionnaire* (Minneapolis: Industrial Relations Center, University of Minnesota, 1967). Used with permission.

Do you think job satisfaction across the United States has been going up or down over the past few years? A national survey conducted by the Society for Human Resource Management attempted to answer this question by assessing 43 facets of job satisfaction for 600 US employees. Results revealed that 86 percent were satisfied with their jobs in

2014, the highest level since 2004. The top three facets of satisfaction were feeling safe at work, having good relationships with coworkers, and having a good relationship with an immediate supervisor.[46] US workers are highly satisfied overall; the significance of this will become more apparent after you read the final section of this chapter.

At a Glance: Five Predominant Models of Job Satisfaction

If you want insight into the drivers of your own job satisfaction or that of others, consider five models of these causes, summarized as follows. We look at each in more detail in Table 2.4.

TABLE 2.4 FIVE MODELS OF JOB SATISFACTION

Model	How Management Can Boost Job Satisfaction
Need fulfillment	Understand and meet employees' needs.
Met expectations	Meet employees' expectations about what they will receive from the job.
Value attainment	Structure the job and its rewards to match employee values.
Equity	Monitor employees' perceptions of fairness and interact with them so they feel fairly treated.
Dispositional/genetic components	Hire employees with an appropriate disposition. (See qualifications below.)

Brief Review: Five Predominant Models of Job Satisfaction

Let's take a closer look at these models. It will increase your understanding if you personalize each model to your own past experiences.

Need Fulfillment Need fulfillment models propose that satisfaction is determined by the extent to which the characteristics of a job allow an individual to fulfill her or his needs. ***Needs*** **are physiological or psychological deficiencies that arouse behavior.** All of us have different needs, which means that managers need to learn about employees' needs if they want to increase employees' job satisfaction.

> **EXAMPLE** A 2014 national survey of 600 individuals by the Society for Human Resource Management asked employees to choose the aspects of their job that were very important to their job satisfaction. Their top five choices were respectful treatment of all employees, trust between employees and senior management, benefits, compensation, and job security.[47] Are any of these aspects important to you?

Research generally supports the conclusion that need fulfillment is correlated with job satisfaction.[48]

Met Expectations ***Met expectations*** **represent the difference between what an individual expects to receive from a job, such as good pay and promotional opportunities, and what she or he actually receives.** When expectations are greater than what is received, a person will be dissatisfied. On the other hand, he or she will be satisfied when outcomes are above and beyond expectations. Research strongly supports the conclusion that met expectations are significantly related to job satisfaction.[49]

Value Attainment **The idea underlying *value attainment* is that satisfaction results from the perception that a job allows for fulfillment of an individual's important values.** Research consistently supports this perspective. Managers can enhance employee satisfaction by providing work assignments and rewards that reinforce employees' values.

Equity Equity theory builds on the notion that satisfaction rests on how "fairly" an individual is treated at work. If we perceive that our work outcomes, relative to our inputs, compare favorably with someone else's outcomes and inputs, we will be satisfied. Research has strongly supported the theory behind this model.[50] Managers thus are encouraged to monitor employees' fairness perceptions and to interact with employees in such a way that they feel equitably treated. Chapter 5 explores how this can be accomplished.

Dispositional/Genetic Components Ever notice that some coworkers or friends remain satisfied in situations where others always seem dissatisfied? The dispositional/genetic model posits that job satisfaction is a function of both personal traits and genetic factors. Indeed, the model implies that stable individual differences are at least as powerful as characteristics of the work environment in their impact on satisfaction.

Few studies have tested these propositions in depth, but they do show that dispositional factors are significantly associated with only selected aspects of job satisfaction. Dispositions had stronger relationships with intrinsic aspects of a job (such as having autonomy) than with extrinsic aspects (such as the receipt of rewards).[51] Genetic factors also were found to significantly predict life satisfaction, well-being, and general job satisfaction.[52] Overall, researchers estimate that 30 percent of an individual's job satisfaction is associated with dispositional and genetic components.[53]

EXAMPLE Consider Pete and Laura Wakeman, founders of Great Harvest Bread Company. They have used the dispositional/genetic model of job satisfaction while running their company for more than 25 years. Pete Wakeman sees it this way:

"Our hiring ads say clearly that we need people with 'strong personal loves as important as their work.' This is not a little thing. You can't have a great life unless you have a buffer of like-minded people all around you. . . . If you want a happy company, you can do it only by hiring naturally happy people . . . you can't really 'make' people any way that they aren't already."[54]

This diverse group of employees from Great Harvest Bread Company displays the company's products. © Damien Dawson/The Daily Progress/AP Photo

Caveat: Although the Wakemans' hiring approach is consistent with the dispositional/genetic model of job satisfaction, it raises legal and ethical concerns. Hiring "like-minded" people could lead to discriminatory decisions. Managers must not discriminate on the basis of race, gender, religion, color, national origin, and age.

A Shorter Walk to Work

Now that we have looked at the predominant models of job satisfaction, let's highlight one element that allows people to balance their work and family lives: the opportunity to telecommute. ***Telecommuting*** **allows employees to do all or some of their work from home, using advanced telecommunications technology and Internet tools to send work electronically from home to the office, and vice versa.**

- About 30 to 40 percent of the US workforce telecommutes for at least part of the time spent working.
- The number of people telecommuting has grown 103 percent between 2005 and 2015. Experts estimate that 50 percent of the US workforce has a job compatible with teleworking.
- The need for flexibility is a key reason people like telecommuting.[55]
- Studies confirm telecommuting enhances productivity and retention and decreases absenteeism.[56]

These positive statistics imply that the opportunity to telecommute could improve job satisfaction. To make such programs successful, consider the recommendations in the Applying OB box below.

Applying OB

Best Practices for Implementing Telecommuting

1. Employees must have the proper technology and technological support.
2. Not all people or all jobs are ready for telecommuting. Managers should assess the readiness of both people and jobs for telecommuting.
3. Establish clear expectations with employees about the goals of the program and details about how the program works. This requires organizations to create a telecommuting policy.
4. Evaluate the program's effectiveness, which includes an assessment of employee performance.
5. Pay attention to the availability and security of the communications network. Telecommuting won't work if the system frequently crashes or the information being transmitted isn't secure.[57]

This telecommuter appears to have a well organized office, including the dog at this feet. Telecommuters can obviously dress more casually and arrange their offices in ways that fit their style and needs. © Kidstock/Blend Images/Getty Images RF

TAKE-AWAY APPLICATION

Increasing My Job Satisfaction?

Complete this activity by reviewing the results of Self-Assessment 2.3.

1. Which causes of job satisfaction are affecting your level of satisfaction?
2. Describe two things you might do to improve your job satisfaction.
3. If you could ask your boss or employer to change one thing to improve your job satisfaction, what would you suggest?

2.5 MAJOR CORRELATES AND CONSEQUENCES OF JOB SATISFACTION

MAJOR QUESTION

What work-related outcomes are associated with job satisfaction?

THE BIGGER PICTURE

The documented relationship between job satisfaction and other positive organizational outcomes is good news. It means that employers have economic reasons for fostering job satisfaction to improve results. You're about to learn four key attitudinal and behavioral outcomes and two organizational-level outcomes associated with this relationship.

Thousands of studies have examined the relationship between job satisfaction and other organizational variables. We consider a subset of the most important variables from the standpoint of managerial relevance. Ten key outcomes correlate to job satisfaction—four attitudinal and four behavioral, and two organizational-level outcomes. Job satisfaction has significant correlations with:

Attitudes

- Motivation
- Job involvement
- Withdrawal cognitions
- Perceived stress

Behavior

- Job performance
- Organizational citizenship behavior (OCB)
- Counterproductive work behavior (CWB)
- Turnover

Organizational Level

- Accounting/financial performance
- Customer service/satisfaction

Attitudinal Outcomes of Job Satisfaction

We examine four attitudinal outcomes of job satisfaction that are important to OB researchers and managers: motivation, job involvement, withdrawal cognitions, and perceived stress.

Motivation Employee motivation represents a psychological process that arouses our interest in doing something, and it directs and guides our behavior. As you might expect, employee motivation positively correlates to job satisfaction. Managers can enhance employees' motivation with a host of techniques and recommendations discussed throughout this book.

Job Involvement ***Job involvement*** **represents the extent to which an individual is personally engaged in his or her work role.** Many years of research have demonstrated that job involvement is moderately related to job satisfaction.[58] Managers can foster satisfying work environments to fuel employees' job involvement.

Have you ever felt like this when studying for exams? Unfortunately, too much stress impairs our ability to perform at school and at work. Extended feelings of stress can also lead to thoughts of quitting and ultimately turnover.
© Radius Images/Alamy RF

Withdrawal Cognitions Although some people quit their jobs impulsively or in a fit of anger, most first go through a process of thinking about whether they should quit. ***Withdrawal cognitions*** **capture this thought process by representing an individual's overall thoughts and feelings about quitting.** Low job satisfaction is believed to be one of the most significant contributors to thoughts of quitting.

EXAMPLE A study of managers, salespersons, and auto mechanics from a national automotive retail store chain demonstrated that job dissatisfaction caused employees to begin the process of thinking about quitting.[59] Results from this study imply that managers can indirectly help to reduce employee turnover by enhancing employee job satisfaction.

Perceived Stress Stress has negative effects on many different OB-related outcomes. For instance, it is positively related to absenteeism, turnover, coronary heart disease, and viral infections. As you would expect, it also has a strong negative relationship to job satisfaction and employee engagement. Managers should attempt to reduce the negative effects of stress by improving job satisfaction and by encouraging employees to detach from work during off-job time (stop thinking about work and don't "take it home with you").[60]

Problem-Solving Application

What to Do about Bullying

Let's return to the issue of bullying with which we started this chapter. Consider how you might have resolved the situation faced by Stuart McGregor. McGregor's goal was to be a chef, and he received a highly prestigious apprenticeship just before turning 17. Soon after starting his apprenticeship, he experienced verbal abuse at work, and colleagues began making innuendos about his sexuality. He was once given a large bag of peas by the kitchen managers and asked to count them.

McGregor was told by his colleagues that he was going to receive an award. Excitedly, he called his family and could not wait to receive the award later in the day. Unknown to him, however, his peers had broken into his car and stolen the knob of his gear stick. They then wrapped it up and gave it to him as his "award" in front of the entire staff.

McGregor was regularly asked to perform tasks he did not know how to do and then was ridiculed when he did them incorrectly. Shortly before the conclusion of the apprenticeship period, he was invited to go on a camping trip with his workmates. Sadly, the kitchen managers threatened him with bodily harm if he went. McGregor was afraid for his safety and made excuses to avoid the trip.

Another employee ultimately complained about being bullied, and investigators questioned McGregor about his experience. He denied being bullied, probably out of fear for his safety, fear of losing his job, or because he thought he could handle the situation.[61]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case.

Step 2: Identify what OB concepts or theories help explain McGregor's situation and reaction.

Step 3: Recommend what you would do if you were McGregor and also if you were the manager of the restaurant.

Behavioral Outcomes of Job Satisfaction

Job satisfaction has a positive association with two constructive individual-level behavioral outcomes—job performance and organizational citizenship behavior (OCB). It also has a negative relationship with two potentially negative behaviors—counterproductive work behavior (CWB) and turnover. The following discussion is more practical when you consider that these individual-level outcomes in the Organizing Framework are driven by processes at the group and organizational level, which, further upstream, are influenced by environmental characteristics.

Job Performance One of the biggest controversies within OB research centers on the relationship between job satisfaction and job performance. This is more complicated than it might first appear; OB experts have identified at least eight ways in which these variables are related. Here is what we know from research.[62]

A team of researchers analyzed data from 312 samples involving more than 54,000 individuals.[63] They made two key findings:

- **Job satisfaction and performance are *moderately* related.** This supports the belief that employee job satisfaction is a key workplace attitude managers should consider when attempting to increase employees' job performance.
- **The relationship between them is complex.** Researchers now believe **both variables indirectly influence each other** through a host of person factors and environmental characteristics contained in the Organizing Framework.

Organizational Citizenship Behavior ***Organizational citizenship behavior (OCB)*** **is defined as "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization."**[64] This definition highlights two key points:

- OCBs are voluntary.
- OCBs help work groups and the organization to effectively achieve goals.

Examples of organizational citizenship behavior include such gestures as:

- Constructive statements about the department.
- Expression of personal interest in the work of others.
- Suggestions for improvement.
- The training of new people.
- Respect for the spirit as well as the letter of housekeeping rules.

- Care for organizational property.
- Punctuality and attendance well beyond standard or enforceable levels.[65]

Managers certainly would like employees to exhibit these behaviors, and research clearly supports their value. OCBs have a moderately positive correlation with job satisfaction.[66] Moreover, they are significantly related to both individual-level consequences (performance appraisal ratings, intentions to quit, absenteeism, and turnover) and organizational-level outcomes (productivity, efficiency, lower costs, customer satisfaction, and unit-level satisfaction and turnover).[67]

These results are important for two reasons. First, exhibiting OCBs is likely to create positive impressions about you among your colleagues and manager. In turn, these impressions affect your ability to work with others, your manager's evaluation of your performance, and ultimately your promotability. Second, the aggregate amount of employees' OCBs affects important organizational outcomes. It is thus important for managers to foster an environment that promotes organizational citizenship behaviors.

Counterproductive Work Behavior You already know from personal experience and OB research that the absence of satisfaction may be associated with some types of undesirable behavior, such as low employee engagement and performance. In contrast to the helping nature of OCBs, ***counterproductive work behavior (CWB)*** **harms other employees, the organization as a whole, and/or organizational stakeholders such as customers and shareholders.** CWBs represent a particularly negative work-related outcome. Examples include bullying, theft, gossiping, backstabbing, drug and alcohol abuse, destruction of organizational property, violence, deliberately poor or incorrect work, Internet surfing for personal reasons, excessive socializing, tardiness, sabotage, and sexual harassment.[68]

EXAMPLE A Maryland man swiped 32 laptops from his nonprofit health-care employer and put them on eBay.

EXAMPLE A chief financial officer changed the color of the type on some spreadsheet data from black to white so as to render fake numbers invisible while boosting the totals—and his bonus.

Volunteerism is a form of citizenship behavior as it is discretionary and it promotes a positive organizational image. This group of volunteers is helping to build a home for someone in need. What personal values lead someone to volunteer for such a task? © Ariel Skelley/Blend Images LLC RF

EXAMPLE One regional vice president for sales billed his corporate card $4,000 for Victoria's Secret lingerie—and not for his wife.[69]

CWB has a strong negative relationship with job satisfaction, so managers should find ways to reduce it. Here are three key ways.

1. Hire individuals who are less prone to engage in counterproductive behavior. Cognitive ability is associated with many measures of success, so it is a logical quality to screen for in hiring decisions. Personality tests also may be relevant.
2. Design jobs that promote satisfaction, and root out and eliminate managers who treat others in an abusive manner.[70]
3. Respond quickly and appropriately if an employee does engage in CWBs, defining the specific behaviors that are unacceptable and the requirements for acceptable behavior.

Turnover Turnover can be a good thing when a low-performing person like George Costanza from *Seinfeld* quits or is fired. This result enables managers to replace the Georges of the world with better or more diverse individuals or to realign the budget. In losing a good employee, however, the organization loses valuable knowledge and experience and it can be costly. Experts estimate that the cost of turnover for an hourly employee is roughly 20 percent of his or her annual salary, higher for professional employees with specialized skills.[71]

Job satisfaction has a moderately strong negative relationship with turnover. Managers are well served by enhancing employees' job satisfaction, especially for high performers.[72] For example, a survey of 20,000 high-potential employees indicated that 27 percent planned to find another job within a year.[73]

All these considerations suggest several practical steps employers can take to tackle a turnover problem. See the Applying OB box.

Applying OB

Suggestions for Reducing Employee Turnover

1. Hire people who fit the organization's culture. Person-culture fit is discussed in Chapter 14.
2. Spend time fostering employee engagement. Engaged employees are less likely to quit.
3. Hire selectively. Human resource data analytics uses large data sets to answer questions like "Why are people quitting?" and "What skills are needed to do the job?" Google, for example, has developed an algorithm to predict employee turnover. It also uses an algorithm to hire people based on a set of individual characteristics. A consultant told *HR Magazine* that his company saved a global transportation company $27 million over three years by using human resource data analytics.[74]
4. Provide effective onboarding.[75] ***Onboarding programs*** **help employees to integrate, assimilate, and transition to new jobs by making them familiar with corporate policies, procedures, culture, and politics and clarifying work-role expectations and responsibilities.**[76]
5. Recognize and reward high performers because they are more likely to quit than average performers.[77]

TAKE-AWAY APPLICATION

Improving My Workplace Attitudes

1. What are the three most important things you want from a job and its working conditions?
2. How can you determine whether a future job opportunity offers these things?
3. Assume you are in a job that is not meeting your needs and that you cannot quit. How would you improve your workplace attitudes in this situation?

Organizational-Level Outcomes of Job Satisfaction

Job satisfaction is positively associated with the organizational-level outcomes of accounting/financial performance and customer service/satisfaction.

Accounting/Financial Performance Earlier we noted that job satisfaction was moderately associated with an individual's performance. It thus makes sense to hypothesize that the aggregate level of employee job satisfaction should be positively associated with a company's accounting/financial performance. Two large studies of more than 2,000 business units supported this prediction. However, the association between job satisfaction and this outcome is lower than that between job satisfaction and customer-oriented outcomes, productivity, turnover, and safety.[78] This makes sense because many other factors besides job satisfaction impact accounting/financial performance.

Customer Service/Satisfaction Why do we expect satisfied employees to provide higher-quality service to customers? The answer is the spillover effect. Spillover occurs when attitudes in one part of our lives spill over to another. Employees' positive work attitudes might spill over to improve their behaviors toward customers. In support of this idea, research supports a positive association between job satisfaction and customer satisfaction.[79]

What Did I Learn?

You learned that bullying is a harmful behavior that can and should be stopped at work. Values and attitudes directly affect a variety of organizational outcomes, and companies pay attention to them to achieve improved performance. You learned how companies track the work attitude of job satisfaction because it positively correlates with other positive workplace attitudes (such as motivation, job involvement, and reduced stress) and behavior (like job performance, OCB, customer satisfaction, and reduced CWB and turnover). Reinforce your learning with the chapter's Key Points listed below. Next, consolidate your learning using the Organizing Framework, shown in Figure 2.4. Then, challenge your mastery of the material by answering the chapter's Major Questions in your own words.

Key Points for Understanding Chapter 2

You learned the following key points.

2.1 PERSONAL VALUES

- Values are abstract ideals that guide your thinking and behavior across all situations.
- Schwartz proposed that 10 core values guide behavior across contexts and time (see Figure 2.2).
- The 10 core values each relate to one of four themes: self-transcendence, conservation, self-enhancement, and openness to change (see Figure 2.2).
- Managers can use the Schwartz model to motivate employees and to reduce the chances of employees' experiencing conflict between their values and their work assignments.

2.2 PERSONAL ATTITUDES AND THEIR IMPACT ON BEHAVIOR AND OUTCOMES

- Attitudes represent your feelings or opinions about people, places, and objects and range from positive to negative. Workplace attitudes are outcomes in the Organizing Framework for Understanding and Applying OB.
- The three components of attitudes are affective, cognitive, and behavioral.
- Cognitive dissonance represents the psychological discomfort an individual experiences when his or her attitudes or beliefs are incompatible with his or her behavior.
- Intentions are the key link between attitudes and behavior in Ajzen's model. Three determinants of the strength of an intention are our attitude toward the behavior, subjective norms, and perceived behavioral control (see Figure 2.3).

2.3 KEY WORKPLACE ATTITUDES

- Organizational commitment reflects how strongly a person identifies with an organization and is committed to its goals. It is influenced by a host of factors in the Organizing Framework, including personality, leader behavior, organizational culture, meaningfulness, organizational climate, and psychological contracts.
- Employee engagement occurs when employees give it their all at work. It includes feelings of urgency, focus, intensity, and enthusiasm.
- Employee engagement is influenced by a host of personal factors and environmental characteristics contained in the Organizing Framework.
- Perceived organizational support reflects the extent to which employees believe their organization values their contributions and genuinely cares about their well-being. Employees are happier and work harder when they feel supported.

2.4 THE CAUSES OF JOB SATISFACTION

- Job satisfaction is an affective or emotional response toward various facets of the job. It is a key OB outcome.

- The five major causes of job satisfaction are need fulfillment, met expectations, value attainment, equity, and dispositional/genetic components.
- Telecommuting allows people to balance their work and family lives. It uses telecommunication technology and Internet tools to send and receive work between home and office.

2.5 MAJOR CORRELATES AND CONSEQUENCES OF JOB SATISFACTION

- Job satisfaction is significantly associated with the following attitudinal variables: motivation, job involvement, withdrawal cognitions, and perceived stress.
- Job satisfaction is significantly related to five key behavioral outcomes: job performance, organizational citizenship behavior, counterproductive work behavior, turnover, and customer satisfaction.

The Organizing Framework for Chapter 2

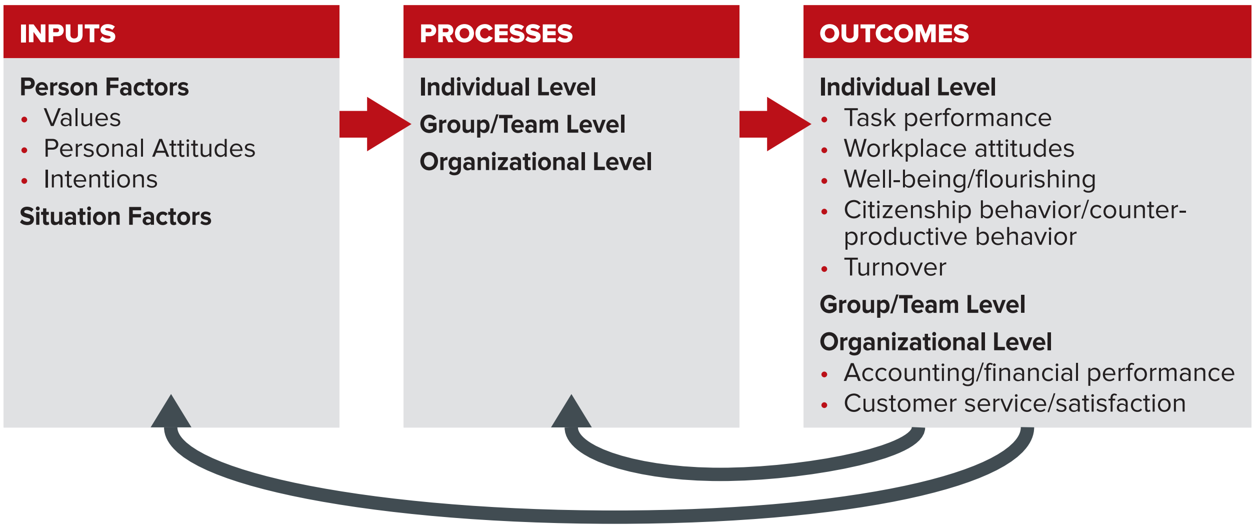
As shown in Figure 2.4, values, personal attitudes, and intentions serve as inputs that lead to a host of outcomes. Although this chapter focused on workplace attitudes as an outcome, future chapters will look at other outcomes in more detail.

Challenge: Major Questions for Chapter 2

You should now be able to answer the following major questions. If you can't, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 2.4, the chapter itself, and your notes to revisit and answer the following major questions:

1. What role do values play in influencing my behavior?
2. How do personal attitudes affect workplace behavior and work-related outcomes?
3. Why should management pay attention to workplace attitudes?
4. How can changes in the workplace improve job satisfaction?
5. What work-related outcomes are associated with job satisfaction?

FIGURE 2.4 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

We see five additional things you can do to turn this chapter's lessons into positive change in your life. First, identify your core values. This can help you make decisions about careers, companies to work for, relationships, and ways to manage others. Second, realize the power of your beliefs and intentions. Your intentions will drive your behavior, but it is beliefs that create your intentions. If you want to change a behavior, such as losing weight or studying more, the first step is to analyze and change your beliefs about the behavior. Third, engagement is partly a choice on your part, and it all starts with doing meaningful work. Identify what types of work you find meaningful. Fourth, if your manager or organization is not providing support, consider moving on. There are many great companies that understand the value of organizational support. Finally, before quitting a job, consider doing a cost-benefit analysis. Write down the costs of staying and compare them to the perceived benefits of leaving. Making an emotional decision might feel good in the short run, but it is less likely to lead to positive results.

IMPLICATIONS FOR MANAGERS

There are five key implications for managers. First, hire people whose values match the values that underlie the organization's culture. Such employees are more likely to be productive and to stay. Second, influence employees' behavior by reinforcing appropriate beliefs. For example, if you want to improve employee retention, underscore the value of staying at the company. Third, employee commitment is strongly associated with emotional connections at work.[80] Create positive team spirit and engage in social activities that promote friendships among employees. Fourth, employees won't be engaged if you display negative emotions. Stay positive and model engagement. Finally, there is a trend for employees to quit just after one year on the job. Discuss their expectations when you hire, and socialize new employees effectively. Socialization is discussed in Chapter 14.

PROBLEM-SOLVING APPLICATION CASE

Employee Attitudes and Turnover Are Issues at Yahoo!

Marissa Mayer, former vice president of Google Product Search, left the company to become CEO of Yahoo! in October 2012. At that time, Yahoo's stock was selling for $15.74. In January 2016, it was selling for $29.77, after reaching a high of $52.28 in 2014. Investors were not happy with the drop in revenue—and market share—from 2014 to 2016. Some felt the company's strategies were lacking and that new leadership was needed. Hedge fund investor Starboard Value LP demanded that the board fire Mayer.[81]

Let's take a more detailed look at what happened at Yahoo!

According to a Dow Jones reporter, "Yahoo's expenses have risen while revenue has declined in the three-and-a-half years since Mayer took the reins. In the first nine months of 2015, operating expenses totaled $3.9 billion, up 20 percent from the same period in 2014. During that same time, revenue excluding commissions paid to search partners dropped 4 percent to $3.09 billion." Yahoo! also has been cutting costs via layoffs. The head count in 2016 was 10,700, down from a peak of 14,000 before Mayer arrived.[82]

It is estimated that 33 percent of the workforce left the company in 2015. A CNBC reporter noted that Mayer's concern about brain drain led her to approve "hefty retention packages—in some cases, millions of dollars—to persuade people to reject job offers from other companies. But those bonuses have had the side effects of creating resentment among other Yahoo! employees who have stayed loyal and not sought jobs elsewhere."[83]

Even more troubling is the manner in which some of these layoffs were executed. In 2014, "managers called in a handful of employees each week and fired them," recalled one reporter. "No one knew who would be next, and the constant fear paralyzed the company, according to people who watched the process." In March 2015, the situation got worse. "Mayer told the staff at an all-hands meeting that the bloodletting was finally over. Shortly thereafter, she changed her mind and demanded more cuts."[84]

In January 2016, Mayer jokingly told employees at a company meeting that "there are going to be no layoffs 'this week.'" Insiders say these types of comments are eroding employee morale and leading to the exodus of key employees.[85]

Key human resource decisions and policies likely contributed to poor employee work attitudes and turnover. The first was the company's decision that employees could no longer telecommute. The head of human resources at the time, Jackie Reses, said, "We need to be one Yahoo!, and that starts with physically being together." She defended the decision by stating, "Some of the best decisions and insights come from hallway and cafeteria discussion, meeting new people, and impromptu team meetings." Reses believed that telecommuting hurt the company. "Speed and quality are often sacrificed when we work from home," she said.[86] But the decision also created bad press for the company.

A reporter noted, "The new rule didn't just frustrate Yahoo employees who were directly affected, it also set off a fair amount of debate and criticism on Twitter from entrepreneurs, tech company employees and journalists who cover the industry."[87] This in turn likely created a negative impact on Yahoo!'s ability to recruit highly talented employees.

The second human resource decision was Mayer's implementation of the quarterly performance review (QPR) system. This process allegedly led to the firings of more than 600 people in 2013. The system works by first having managers rank their employees into five categories, each with a quota: greatly exceeds expectations (10 percent of employees), exceeds (25 percent), achieves (50 percent), occasionally misses (10 percent), and misses (5 percent). Two "misses" ratings in recent quarters can result in termination. Many managers see this system as a forced curve, though Mayer contends the rankings instead serve as guidelines.

Anonymous postings on an internal message board suggested that managers did not agree with Mayer. Here is what one manager had to say:

"I was forced to give an employee an occasionally misses, [and] was very uncomfortable with it. Now I have to have a discussion about it when I have my QPR meetings. I feel so uncomfortable because in order to meet the bell curve, I have to tell the employee that they missed when I truly don't believe it to be the case. I understand we want to weed out mis-hires/people not meeting their goals, but this practice is concerning. I don't want to lose the person mentally. How do we justify?"[88]

Other employees felt the system was vulnerable to human bias and was not fairly applied across levels of management. One commented:

"Will the 'occasionally misses' classification apply to L2 and L3 execs also? At every goals meeting, we find senior staff who missed even the 70 percent goals. Thus, by definition, they should be classified as 'occasionally misses.' Two such classifications, and that person should be let go, amiright? How about we set an example for the rest of the company and can a few of the top execs who miss (or who sandbag their goals to make sure they 'meet')?"[89]

Employees have become even more fearful of the process given the number of layoffs.

Sadly, employee morale does not appear to be improving. Surveys conducted by Glassdoor revealed that "only 34 percent of Yahoo!'s current employees foresee the company's fortunes improving. That compares to 61 percent at tanking, scandal-struck Twitter and 77 percent at Google."[90]

Another issue that may be causing feelings of inequity involves Mayer's compensation package. "Executive pay at Yahoo! is essentially based on Alibaba's stock price," which is outside her control: Yahoo! has a 15 percent stake in Chinese web giant Alibaba, valued at $25.7 billion. "Of Mayer's $365 million pay over five years, only 3.3 percent will actually be affected by her performance."[91] This policy goes against the common managerial practice of paying people for their performance.

So where does this leave Mayer and Yahoo! as a whole? Broadly speaking, threats of layoffs continue. The company, which lost $4.4 billion in the last quarter of 2015, announced it would lay off 15 percent of its workforce in 2016.[92] Under pressure from investors such as Starboard Value LP, Yahoo sold its core business to Verizon Communications Inc. for $4.83 billion in 2016. The sale included Yahoo's e-mail business, websites dedicated to news, finance, and sports; advertising tools; real estate; and some patents. It does not include "Yahoo's cash or its shares in Alibaba Group and Yahoo Japan. After the deal closes, these assets will become a publicly traded investment company with a new name."[93]

APPY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcome box of the Organizing Framework in Figure 2.4 to identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. You need to determine from whose perspective—employee, manager, team, or the organization—you're defining the problem.

C. Use details in the case to identify the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Answering this question helps refine and focus your thinking. Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework shown in Figure 2.4. Causes will tend to appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 2.4 to decide which person factors, if any, are most likely causes of the defined problem. For each cause, ask yourself, *Why is this a cause of the problem?* For example, if you think personal attitudes—an input in the Organizing Framework—are a cause, ask yourself why. This might lead you to the conclusion that Mayer's attitudes about telecommuting are related to her prior work experience. This may have led her to make decisions that are adversely affecting employees. Asking why several times will lead you to a more complete list of causes.

B. Follow the same process for the situation factors.

C. Because no processes were specifically discussed in this chapter, you can skip an analysis of this component of the Organizing Framework.

D. To check the accuracy or appropriateness of the causes, be sure to map them onto the defined problem.

Step 3: Make recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

- Given the causes identified in Step 2, what are your best recommendations? Use the material in Chapter 2 (or in Chapter 1) to propose a solution.
- Find potential solutions in the OB in Action and Applying OB boxes within the chapter. These features provide insights into what other individuals or companies are doing regarding the topic at hand.
- Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

What Should Management Do About an Abusive Supervisor?

This challenge involves the behavior of Bernadine Pearce. Pearce was the supervisor of Michelle Ruppert, a clerk in the Office of the Tax Collector in the Borough of Point Pleasant, New Jersey. Pearce worked at the local government for about 40 years.

Ruppert filed a lawsuit claiming that her boss and the office allowed a hostile work environment to exist. She had worked at the office for about three years at the time of the suit.

The hostility allegedly began on Ruppert's first day at work. Upon arriving, Pearce showed her the "Wall of Shame." Placed conspicuously in the main office, it contained a funeral urn with the "ashes of problem employees." Ruppert noted that it resembled "the way Adolf Hitler treated the disabled and the Jews during the Holocaust," with "various nameplates of the employees who were 'exterminated'" or fired by Pearce.

The lawsuit alleges that Pearce stated "that all personnel of her office should be 'perfect humans,' as she believed she was."[94]

Media reports about the situation allege that "Pearce threw papers at Ruppert and called her a 'waste of a human being,' encouraged Pearce's daughter and coworker to give Ruppert the middle finger, and referred to Ruppert as a 'mess up' who should just 'quit her job.'"[95]

Ruppert ultimately experienced stress and anxiety and took sick leave for medical and psychiatric treatment. When she returned to work, Ruppert alleges that Pearce relocated her desk so that she had to look at the Wall of Shame, which now contained her name along with the others.[96]

Addressing the Challenge

What would you do if you were the manager responsible for the entire office?

1. Settle the lawsuit and allow Bernadine Pearce to retire. While Pearce's behavior is bad, she did give the city 40 years of her life.
2. According to what we learned about counterproductive behavior, you would settle the lawsuit and fire Pearce. Assuming the allegations are accurate, Pearce's behavior deserves to be punished.
3. Settle the lawsuit and then retire because you allowed this abusive situation to exist.
4. Fight the lawsuit. If nothing else, this may help you reduce the payment that will be awarded to Ruppert.
5. Invent other options.

3 INDIVIDUAL DIFFERENCES AND EMOTIONS

How Does Who I Am Affect My Performance?

Major Topics I'll Learn and Questions I Should Be Able to Answer

3.1 **The Differences Matter**

MAJOR QUESTION: *How does understanding the relative stability of individual differences benefit me?*

3.2 **Intelligences: There Is More to the Story Than IQ**

MAJOR QUESTION: *How do multiple intelligences affect my performance?*

3.3 **Personality, OB, and My Effectiveness**

MAJOR QUESTION: *How does my personality affect my performance at school and work?*

3.4 **Core Self-Evaluations: How My Efficacy, Esteem, Locus, and Stability Affect My Performance**

MAJOR QUESTION: *How do self-evaluations affect my performance at work?*

3.5 **The Value of Being Emotionally Intelligent**

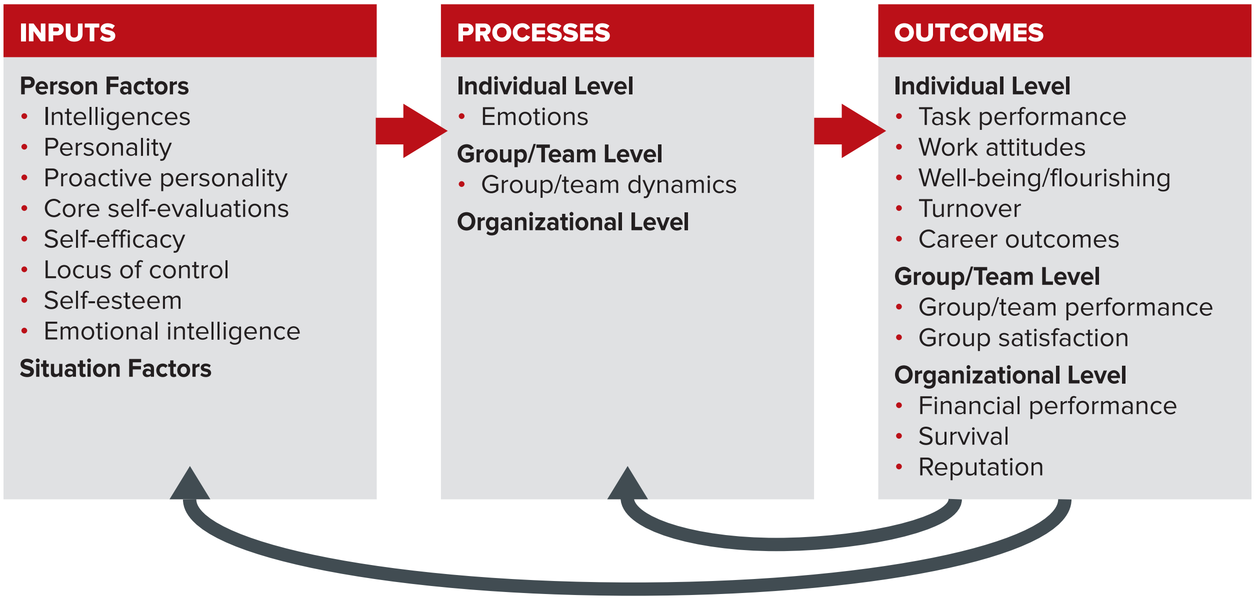
MAJOR QUESTION: *What is emotional intelligence and how does it help me?*

3.6 **Understand Emotions to Influence Performance**

MAJOR QUESTION: *How can understanding emotions make me more effective at work?*

The Organizing Framework for Understanding and Applying OB shown in Figure 3.1 summarizes the key concepts in Chapter 3. This chapter builds on Chapters 1 and 2 and explores a number of additional person factors, such as intelligence, personality, proactive personality, self-efficacy, self-esteem, locus of control, and emotional intelligence. We add to this an important individual-level process—emotions. Personality and the other person factors are related not only to emotions, but also to a host of other processes and outcomes across levels in the Organizing Framework. While reading this chapter, pay attention to the way these person-factor inputs influence individual-level outcomes, such as task performance, workplace attitudes (job satisfaction), well-being/flourishing, citizenship behaviors/counterproductive behaviors, turnover, and career outcomes. These inputs also might contribute to explaining group/team conflict and performance, as well as organizational-level outcomes such as poor firm performance and low customer satisfaction.

FIGURE 3.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



A seemingly infinite number of characteristics make us who we are as individuals. It therefore is helpful to organize these individual differences so we can better understand and use them to manage people at work. One method is to categorize characteristics in terms of their malleability. These photos illustrate this method. For instance, just by looking we can determine the gender of these two people. We also can approximate their ages. Your gender and age are fixed traits, characteristics we cannot change. These photos also show very different emotions. The woman appears to be surprised and the man angry. Unlike gender and age, our emotions can and do change easily and often. Organizations and managers can use such knowledge, such as selecting and hiring people on relatively fixed traits (intelligence), but training them on the appropriate or most effective emotions to display with customers. (left): © Ingram Publishing RF; (right): © gulfimages/Alamy Stock Photo RF

Winning at Work

Does Your Potential Boss Get the Job?

You may have heard that "People quit managers, not their jobs or companies."[1] This saying highlights the impact your direct supervisor can have on your life at work—particularly on Organizing Framework individual-level outcomes such as task performance, work attitudes, well-being/flourishing, turnover, and career outcomes. Your manager can make life either wonderful or awful. Therefore, when you're searching for a job, it is critically important for you to *interview your prospective manager,* just as she or he is interviewing you.

We offer the following tips and questions to help you learn whether the interviewer is worthy of being your manager.

1. **Know what you want.** If you simply want a job, or aren't sure what you want in a job and where you want it to lead, then you are obviously more likely to accept a position with a bad boss. To gain more clarity about your boss, ask yourself what kind of relationship you want with him or her. Do you want one that is hands-on, nurturing, and developmental? Or do you want a boss who is hands-off and will let you do your own thing? Do you desire a true mentor and champion, or simply adequate support and a bit of direction? Asking these questions is a critical first step in evaluating your potential new boss.
2. **Look for good *and* bad.** While signing on with a bad boss can make you miserable, missing the opportunity to work with a good boss is costly too. Don't wear rose-colored glasses and overlook red flags, but don't be overly harsh either. Finding a boss willing to be a real advocate and champion for you and your career is invaluable. Make a list of your prospective boss's pros and cons and review it honestly.
3. **Think of the job and the manager separately.** The job and the manager often go hand in hand, but your determination to get an offer may blur your views of one or the other. For instance, the job may sound like it has great potential and is a good fit for you. However, you may lose sight of the possibility that your manager could be a nightmare to work for, or vice versa (great manager but boring job). To make your decision, consider how comfortable you will be going to this person for guidance. Do you feel he or she will be honest in communicating and dealing with you? Do you think you'll be treated fairly? You can draw cues from the way you are treated, the tone of communications (both face-to-face and e-mail), and the boss's degree of candor in sharing information.
4. **Know what is expected of you.** Learning what the job entails seems obvious enough but is often overlooked. Ask, "What are your key expectations of me?" And, "If I'm a top performer, which I expect to be, what should my track record look like in 30, 60, or 90 days?" Ask, "How do people get ahead here? How do they fall behind?"
5. **Ask where others have gone.** Assuming your manager has been in the position for a while, he or she has likely managed a number of other employees in the position for which you are interviewing. Ask: "Where have others you've managed gone?" You want to know whether they have been promoted or quit the organization. The first is encouraging, the second a potential red flag. It may be a sign of a miserable boss, or at least one who is not especially developmental.
6. **Meet people like you.** Do what you can to meet and learn from other employees—those doing the same job today or in the past. Sometimes you can find information online, and other times the company's interview process may bring you into interactions with these employees. Learn what was good, bad, ugly. Ask, "If you were me, what would you want to know?" And, "If I'm going to be successful, then what do I need to do and not do with this person as my manager?" You may not get much detail, but it is worth trying to learn this information. Your own future may depend on it.

What's Ahead in This Chapter

In this chapter you'll explore individual differences (IDs), which are the many attributes that distinguish all of us from one another. Recognizing and understanding IDs is critical to effectively applying OB knowledge and tools. For managers, it is fundamental to attracting, motivating, retaining, and improving the performance of others.

Your exploration of IDs begins with an explanation of the relative stability of these differences. Next, you'll delve into a subset of individual differences researchers have found to be particularly important in the work context: (1) intelligence, (2) cognitive abilities, (3) personality, (4) core self-evaluations, (5) attitudes (also covered in Chapter 2), and (6) emotions (including emotional intelligence).

3.1 THE DIFFERENCES MATTER

MAJOR QUESTION

How does understanding the relative stability of individual differences benefit me?

THE BIGGER PICTURE

You undoubtedly notice that your friends behave differently in different situations, such as in class, watching a sporting event, cramming for an exam, or coping with a new job. However, what you probably don't pay much attention to are the characteristics and behaviors that don't change. To help you understand and use this knowledge, we'll arrange all of the individual attributes on a continuum based on their relative stability. At one end are relatively fixed or stable *traits* (like intelligence), and at the other end are more flexible *states* (like emotions), with various *trait-like* and *state-like* characteristics in between.

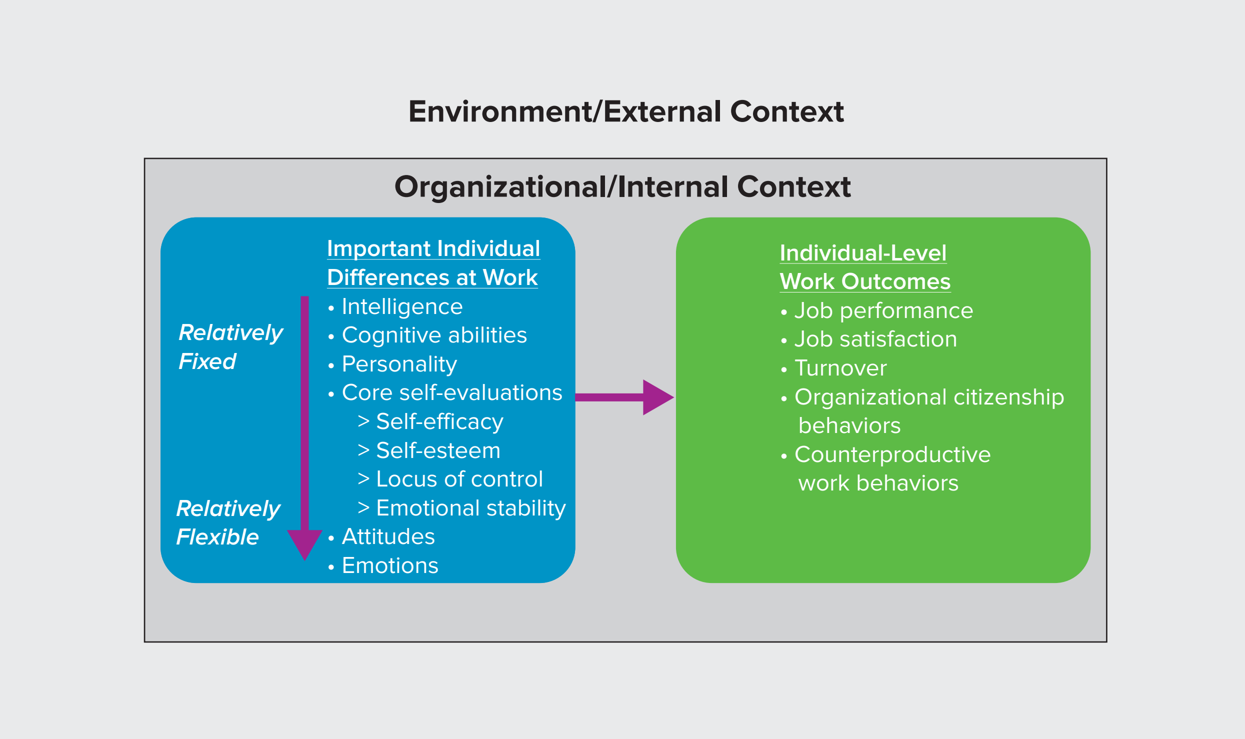
Individual differences (IDs) **are the many attributes, such as traits and behaviors, that describe each of us as a person.** IDs are a big part of what gives each of us our unique identities, and they are fundamental to the understanding and application of OB. So, what is it that makes us different? Is it our genetics or our environment? The answer is both.[2] And while the way you are raised, along with your experiences and opportunities, indeed helps shape who you are, a large volume of research on twins suggests that genetics matters more. But what is more important at work is recognizing the many attributes that make us unique individuals, regardless of whether they are due to nature or nurture.

To help you understand and apply the knowledge you will gain about IDs, we organize and discuss them according to Figure 3.2.

On the left-hand side of Figure 3.2 we arrange individual differences on a continuum. At the top of the continuum are intelligence and cognitive abilities, which are relatively fixed. This means they are stable over time and across situations and are difficult to change. At the bottom are attitudes (which we discussed in Chapter 2) and emotions, which are relatively flexible. Emotions change over time and from situation to situation, and they can be altered more easily. To elaborate, you aren't more or less intelligent at school than you are at work or home, although your emotions commonly change within and between all of these places. Of course both your intelligence and emotions, as well as many other individual characteristics influence the many outcomes included in the right side of Figure 3.2.

The distinction between relatively fixed and flexible individual differences has great practical value. Wise managers know they have little or no impact on fixed IDs. You can't change an employee's level of intelligence or remake an employee's personality.[3] But you can help employees manage their attitudes and emotions. For instance, many effective managers (and their employers) select employees based on positive, job-relevant, but

FIGURE 3.2 RELATIVE STABILITY OF INDIVIDUAL DIFFERENCES



relatively stable IDs. This hiring strategy enables managers to capitalize on the personal strengths that someone brings to a job because these stable strengths affect behavior and performance in most every work situation.[4] Intelligence and analytical abilities, for example, are beneficial in front of customers, in teams with coworkers, and when working alone on a project.

In contrast, managers can have more influence on relatively flexible IDs that influence individual-level work outcomes, like performance and job satisfaction. They can do this by implementing policies that raise employees' core self-evaluations, attitudes, and emotions. For example, as a manager you'll likely see better results from assigning work with new products and new markets to employees who are open to experience than to employees with low levels of this attribute. Similarly, you could help build new employees' confidence about selling to tough customers if you role-model how to do this effectively, give them experience presenting to easy customers first, and provide verbal encouragement before and constructive feedback after.

Managers also are wise to pay attention to the effect of employee attitudes and emotions on turnover. Low job satisfaction and high negative emotions can predict which employees are likely to quit. Thankfully, however, attitudes and emotions can be changed more easily than other IDs.

Next, let's discuss an individual difference that has historically received considerable attention at school and less at work—intelligence.

3.2 INTELLIGENCES: THERE IS MORE TO THE STORY THAN IQ

MAJOR QUESTION

How do multiple intelligences affect my performance?

THE BIGGER PICTURE

You may be smarter than you think. You may already know your IQ, and your grades may also reflect intellectual intelligence. But you can be intelligent in other ways too. We explain various forms of intelligence because all are inputs to the Organizing Framework and all affect your performance.

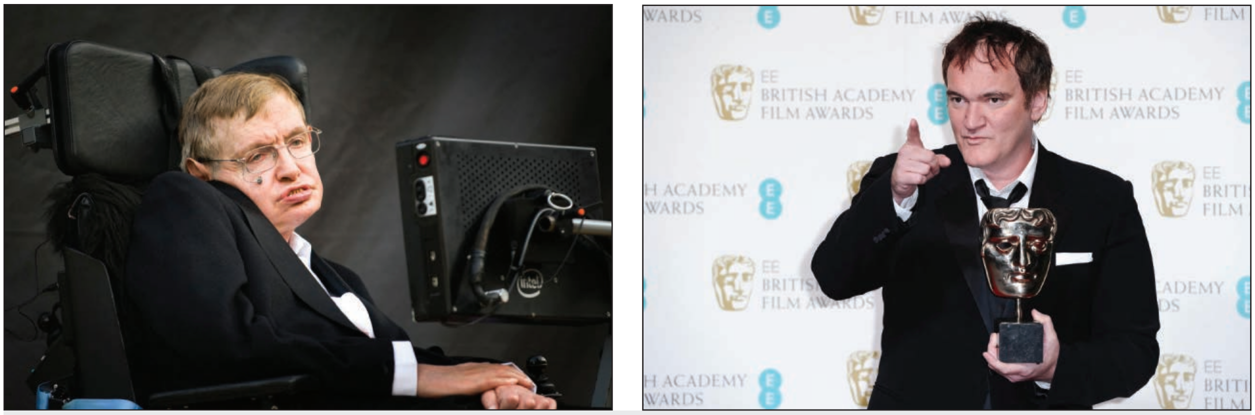
Although experts do not agree on a specific definition, many say ***intelligence*** **represents an individual's capacity for constructive thinking, reasoning, and problem solving.** Most people think of intelligence in terms of intelligence quotient or IQ, the famous score on tests we often take as children. Thus many people typically view intelligence and IQ as one big attribute of brainpower. However, intelligence, intelligence testing (for IQ), and related research are more complex.

The concept of intelligence has expanded over the years and today is thought of and discussed in terms of general mental abilities. Of course, people are different in terms of such abilities, but this isn't what is important at work. What is important is to understand intelligence or mental abilities so you can manage people more effectively. Put another way, the reason we highlight intelligence and mental abilities is that they are related to performance at work.[5] This section provides a brief overview of intelligence and mental abilities and then highlights practical implications.

Intelligence Matters . . . and We Have More Than We Think

Historically, intelligence was believed to be purely genetic—passed from one generation to another—so you were either born "smart" or not. Do you agree with this belief? What are the implications of believing that intelligence is a gift of birth? Regardless of your personal views, research has shown that intelligence, like personality, can be altered or modified in a number of ways.[6] Think about it. No matter who you are or where your starting point in education or experience is, if you engage in more constructive thinking, reasoning, and problem solving, you will get better at these skills. You'll be more intelligent. If you buy this argument, then after reading this book and studying OB you'll be more intelligent due to the practice in critical thinking and problem solving you'll gain. Your intellectual development can also be damaged or diminished by environmental factors such as drugs, alcohol, and poor nutrition.[7]

Am I More Intelligent than My Parents? If you answer yes to this question, research might just support your claim. A steady and significant rise in average intelligence among those in developed countries has been observed over the last 70 years. Why? Experts at an American Psychological Association conference concluded, "Some combination of better schooling, improved socioeconomic status, healthier nutrition, and a more technologically complex society might account for the gains in IQ scores."[8] So, if you think you're smarter than your parents and your teachers, despite their saying you don't know important facts they do, you're probably right!



Dr. Evangelo Katsioulis reportedly has an IQ of 198—the highest in the world. He is a Greek psychiatrist and has degrees in philosophy, psychopharmacology, and research technology. Hall of Fame baseball player Reggie Jackson's IQ is 160, the same as that of physicist Stephen Hawking (left) and movie director Quentin Tarantino (right). People who score less than 70 are identified as intellectually disabled; over 130, gifted; and over 165, genius. Two-thirds of people score in the normal range of 85–115. (left) © Jason Bye/Alamy; (right) © London Entertainment/Alamy

Multiple Intelligences (MI) While many people think of intelligence in general terms, such as IQ, it is more common and more practical to think in terms of multiple intelligences, or an intelligence for something specific. Howard Gardner, a professor at Harvard's Graduate School of Education, investigated the nature of intelligence for years and summarized his findings in his 1983 book *Frames of Mind: The Theory of Multiple Intelligences*.[9] The eight different intelligences he identified, listed in Table 3.1, include not only mental abilities but social and physical abilities and skills as well.

EXAMPLE Attorney Elizabeth Cabraser has led some of the largest class-action lawsuits of our time, such as against big tobacco, makers of silicon breast implants, BP (for the Deepwater Horizon oil spill), and Toyota, GM, Takata, and VW for safety violations. Cabraser is an introvert and soft-spoken in court and out. Her acclaim and success undoubtedly reflect considerable practical intelligence. And being so successful in class-action suits highlights her linguistic as well as intra- and interpersonal intelligences. These would help immensely both in and out of court with clients and other attorneys. She also appears to have considerable musical intelligence; in college she played drums and toured with bands. But now she plays and collects drums only in her spare time.[10]

Class action attorney Elizabeth Cabraser epitomizes the concept of multiple intelligences. © Jeff Chiu/AP Photo

TABLE 3.1 GARDNER'S EIGHT INTELLIGENCES

Type of Intelligence	Example
Linguistic intelligence: potential to learn and use spoken and written languages.	Madeline Johnson, CEO of marketing and PR firm Market Council, speaks Spanish, Italian, Portuguese, along with her native English. She consults for multinational companies, and linguistic intelligence enables her to develop richer and more productive relationships quicker.[11]
Logical-mathematical intelligence: potential for deductive reasoning, problem analysis, and mathematical calculation.	Did this intelligence help or hurt you on your college entrance exam?
Musical intelligence: potential to appreciate, compose, and perform music.	Do you play the drums? Have you heard Marco Minnemann? He is widely considered a virtuoso drummer, one of the best on the planet. If you were to measure this form of intelligence, Minneman's musical intelligence score would likely be very high.
Bodily-kinesthetic intelligence: potential to use mind and body to coordinate physical movement.	Serena Williams, tennis player extraordinaire, says her mind helps her realize her tremendous physical talent.
Spatial intelligence: potential to recognize and use patterns.	Fighter pilots are excellent examples of people gifted with spatial intelligence.
Interpersonal intelligence: potential to understand, connect with, and effectively work with others.	Compare Warren Buffett (CEO of Berkshire Hathaway) to Larry Ellison (former CEO of Oracle). Critics see the first as approachable and friendly, the second as arrogant.
Intrapersonal intelligence: potential to understand and regulate yourself.	Any secretary of state for the United States, such as John Kerry and Condoleezza Rice, must have enormous self-awareness and control to endure the constant criticism and conflict in the job.
Naturalist intelligence: potential to live in harmony with your environment.	Rose Marcario, the CEO of clothing and outdoor sports retailer Patagonia, supports the company's famous ad—"don't buy this jacket." The company has a long tradition of environmental responsibility in which it encourages customers not to buy more than they need to limit the strain on Earth's resources.[12]

Many believe the concept of multiple intelligences has important implications for employee selection, training, and performance. For example, one-size-fits-all training programs often fall short when diversity of intelligences is taken into consideration. When clinical training for undergraduate nursing students was designed to draw on and apply their eight intelligences, for example, they acquired greater proficiency in clinical skills. This type of training also enabled them to utilize and develop their interpersonal intelligence, extremely important for effective patient care.[13]

Near the end of this chapter, you will encounter the concept of *emotional intelligence,* which managers can apply for employee selection and other purposes. Future breakthroughs in the area of multiple intelligences will attract more OB researchers and practicing managers.

Practical Intelligence We can draw practical benefits from Gardner's notion of multiple intelligences. For instance, Yale's Robert J. Sternberg applied Gardner's "naturalist intelligence" to the domain of leadership under the heading *practical intelligence.* He explains: "***Practical intelligence*** **is the ability to solve everyday problems by utilizing knowledge gained from experience in order to purposefully adapt to, shape, and select environments.** It thus involves changing oneself to suit the environment (adaptation), changing the environment to suit oneself (shaping), or finding a new environment within which to work (selection). One uses these skills to (*a*) manage oneself, (*b*) manage others, and (*c*) manage tasks."[14]

TAKE-AWAY APPLICATION

Learning about My Intelligences

Using the list of intelligences in Table 3.1 and discussed above, consider the following:

1. Which do you think are your strongest intelligences? Your weakest?
2. Which do you think are most important for this course? For your current and/or most desired jobs?
3. Which do you think are least important?
4. Describe how you could use this knowledge to improve your performance in this class (and your job if you're working).

Practical Implications

Many educators and parents have embraced the idea of multiple intelligences because it helps explain how a child could score poorly on a standard IQ test yet be obviously gifted in other ways such as music, sports, or relationship building. It then follows that we need to help each child develop in his or her own unique way and at his or her own pace. Many people make the same arguments about college students and employees. Of course, everybody has strengths and weaknesses. But what is important as a matter of practice is to identify intelligences relevant to the job, and then to select, place, and develop individuals accordingly. What is your view? Do you see any value in testing for various forms of intelligence at work? Why or why not?

Not Just Kid Stuff The interest in improving intelligence now goes far beyond children and school. A number of companies, including Lumosity, Cogmed, and even Nintendo, have recently entered the business of brain training, claiming that adult intelligence can be increased. Through games or training, subjects and customers have been shown to improve scores on IQ and other related tests.

One piece of evidence to support this case is a study that showed a six-point boost on an IQ test. Researchers, however, recommend caution. They note that intelligence is still largely a fixed trait, and that improvements are modest and typically the result of intensive, long-term interventions. The Federal Trade Commission recently fined Lumosity $2 million for falsely claiming that its training could prevent memory loss, dementia, and Alzheimer's disease.[15] And more recent reviews and research call into question the suggested links between IQ and performance in school and on the job. Part of the criticism is based on the fact that IQ tests measure things taught in school, such as linguistics (language) and analytics (math). This means that if you do well in school you're likely to do well on the test and vice versa (we're testing what is taught and teaching what is tested).[16]

Some Proof? Several leading researchers in the area argue that there is no convincing evidence that intelligence training works, while others are more measured. One put it this way: "Demonstrating that subjects are better on one reasoning test after cognitive training doesn't establish that they are smarter. It merely establishes that they're better on one reasoning test."[17] This seems to suggest that someone with "pure intellectual heft is like someone who can bench-press a thousand pounds. But so what, if you don't know what to do with it?"[18]

Regardless of your personal view on the practical value of intelligence at school or work, the following OB in Action box offers compelling endorsements of the value of mental abilities and IQ.

OB in Action

Smarts and Money

Intelligence in its various forms is important because of its link to performance. For example, a study of stock traders in Finland revealed that those with high IQs were more likely to: (1) sell losing stocks, (2) engage in tax-loss selling, and (3) hold stocks at 30-day highs—all profitable strategies. Their performance was also better than that of their lower-IQ counterparts, by as much as 2.2 percent per year.[19]

NFL—Intelligence Testing? Yes. Not only does the National Football League have an intelligence test for players, but also it has been using it since the 1970s! The Dallas Cowboys began the practice with the popular Wonderlic test (50 questions with a 12-minute time limit). Only one player has had a perfect score so far (wide receiver Pat McInally of the Cincinnati Bengals from 1976 to 1985). Pro quarterback Ryan Fitzpatrick seemingly has smarts no matter how you measure it. He scored 48 on the Wonderlic (the third-best score of all time), completed the test in the shortest time ever, and also scored 1580 out of 1600 on his SAT.[20]

Today, many NFL teams have developed their own tests. The theory is that the scores can help identify players who will get along with teammates and make it to meetings on time and also indicate how best to teach them the playbook (in written form, with visual aids, or on the field).[21]

Be Smart and Protect Your Investments Both financial advisers and professional football teams make multimillion-dollar investments—the former in stocks and the latter in their players. It seems that influential people in both industries believe intelligence matters.

YOUR THOUGHTS?

1. When interviewing financial advisers, would you compare their IQs? Why or why not?
2. If you were the coach, general manager, or owner of a professional sports team, would you use intelligence testing? Why or why not?
3. If you were a hiring manager for your company, how much weight would you give intellectual intelligence?
4. Would you require an IQ test? Explain your answer.

3.3 PERSONALITY, OB, AND MY EFFECTIVENESS

MAJOR QUESTION

How does my personality affect my performance at school and work?

THE BIGGER PICTURE

You probably feel you know yourself better than anyone else, but you're about to learn some tools that will help you see how others see you. One such tool is the Big Five personality profile, which summarizes hundreds of personality traits into five categories. Another useful approach centers on *proactivity.* These tools will help you understand the managerial implications of other people's views of you. We explore these topics because personality is a fundamental driver of your behavior and performance at work, and an important input in the Organizing Framework for Understanding and Applying OB.

***Personality* is the combination of stable physical, behavioral, and mental characteristics that gives individuals their unique identities.** These characteristics or traits—including the way we look, think, act, and feel—are the product of interacting genetic and environmental influences and are stable over time and across situations and cultures.[22] Personality is a person input in the Organizing Framework.

There Is More to Personality Than Liking and Fit

Like most people, you may often think of personality in terms of whether you like or dislike someone. For instance, if you're asked to describe your professor for this class you might say: "She's great. I love her personality." Or if asked to describe your boss you might say: "He's a difficult individual, he's unethical, many of his colleagues won't associate with him, and he is widely disrespected and should be fired." If you are recruiting somebody for a job (or your fraternity or sorority) you might say: "I really like his/her personality . . . I think he/she will fit in great with the rest of us."

What Can I Do with "Like"? While "liking" and "fit" matter (recall our discussion of fit from Chapter 2), these general and evaluative types of descriptions aren't very useful from a management standpoint. If you think of personality only in these terms, then what type of guidance would you give your recruiters for hiring new employees? "Go find people you like and be sure they fit" won't take you very far. And just because you like somebody doesn't mean that you should hire that person, that he or she will perform well, or that he or she will be a good addition to your organization.

Be Precise to Be Effective To be effective at managing people you need to be more precise (and scientific) about personality. This challenge has motivated a tremendous amount of research about personality in psychology and in OB. What we need are more specific definitions of what personality is, tools to measure it, and data about the effect it has on important processes and outcomes across all levels of the Organizing Framework.

Lars Sorensen (left), CEO of pharmaceutical giant Novo Nordisk, was recently ranked the world's No. 1 CEO by *Harvard Business Review.* Sorensen earned his ranking in part because of his belief that "In the long term, social and environmental issues become financial issues." He leads by consensus, and if one isn't reached, he sends the issue to the company's board.[23] Steve Jobs (right), the late Apple Inc. CEO, couldn't have been more different. It was "his way or the highway," and consensus was achieved when everybody agreed with him. Yet Apple enjoyed unparalleled success under his leadership. The lesson: Don't look too hard for "likable" personalities. If you started a company you'd be delighted to have either Sorensen or Jobs work for you! (left) © John Mcconnico/Bloomberg/Getty Images; (right) © ZUMA Press, Inc/Alamy

The Big Five Personality Dimensions

Defining something as complex as personality is quite a challenge. Fortunately, psychologists and researchers have distilled long lists of qualities and characteristics into the ***Big Five Personality Dimensions*** **that simplify more complex models of personality. The dimensions are extroversion, agreeableness, conscientiousness, emotional stability, and openness to experience.**[24] Table 3.2 details the five personality dimensions. For example, someone scoring high on extroversion will be an extrovert—outgoing, talkative, sociable, and assertive. Someone scoring low on emotional stability will likely be nervous, tense, angry, and worried.

A person's scores on the Big Five reveal a personality profile as unique as his or her fingerprints. To discover your own Big Five profile, complete Self-Assessment 3.1. In the process you'll learn there is more to personality than just being likable or fitting in. This Self-Assessment will increase your self-awareness and illustrate some of the concepts just described. Many companies use personality profiles for hiring and promotions, so your profile should provide practical insights.

TABLE 3.2 CHARACTERISTICS OF PERSONS SCORING HIGH ON THE FIVE DIMENSIONS

The Big Five Personality Dimensions	Personality Characteristic
1. Extroversion	Outgoing, talkative, sociable, assertive
2. Agreeableness	Trusting, good-natured, cooperative, softhearted
3. Conscientiousness	Dependable, responsible, achievement-oriented, persistent
4. Emotional stability	Relaxed, secure, unworried
5. Openness to experience	Intellectual, imaginative, curious, broad-minded

SOURCE: Adapted from M. R. Barrick and M. K. Mount, "Autonomy as a Moderator of the Relationships between the Big Five Personality Dimensions and Job Performance," *Journal of Applied Psychology,* February 1993, 111–118.

Connect SELF-ASSESSMENT 3.1

What Is My Big Five Personality Profile?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 3.1 in Connect.

1. What are your reactions? Do you agree with the scores on your Big Five profile?
2. Which dimension(s) is (are) your highest? In which situations would they be most beneficial?
3. Which one or two dimensions do you think are likely the best predictors of managerial success? Which is the least? Explain.
4. What are the implications of your Big Five profile for working in teams at school or work?

But one important question lingers: Are personality models unique to the culture in which they were developed? Cross-cultural research on the Big Five suggests the answer is no. Specifically, the Big Five personality structure held up very well in a study of women and men from Russia, Canada, Hong Kong, Poland, Germany, and Finland.[25] As a comprehensive analysis of Big Five studies revealed, "To date, there is no compelling evidence that culture affects personality structure."[26]

Hail the Introverts

Personality is not monolithic. Every person is a combination of the various dimensions—not 100 percent of one dimension with zero of the others. This means, for instance, that you and everybody else has some amount of introversion. That said, introverts often are stereotyped and seen as less effective than extroverts or those who are conscientious. (You'll learn much more about stereotyping and perceptions more generally in Chapter 4.) If this is your own view, then you have more to learn. Bill Gates, Larry Page, and Mark Zuckerberg are all perceived as introverts, and their accomplishments are legendary. Regardless of your own level of introversion, the following OB in Action box provides guidance on how to thrive as an introvert.

Proactive Personality

A *proactive personality* is an attribute of someone "relatively unconstrained by situational forces and who effects environmental change. Proactive people identify opportunities and act on them, show initiative, take action, and persevere until meaningful change occurs."[27] In short, people with proactive personalities are hard-wired to change the status quo. It therefore is no surprise that this particular individual difference has received growing attention from both researchers and managers. Think about it. Companies, and their managers, routinely say they want employees who take initiative and are adaptable. Many argue that today's hypercompetitive and fast-changing workplace requires such characteristics.

In support of these desired traits, research shows that those with proactive personalities positively influence many of the work outcomes shown in Figure 3.2 (and later in Figure 3.5). For example, proactivity is related to increased performance, satisfaction, affective organizational commitment (genuine desire to remain a member of an organization), and social networking.[28] Particularly interesting is the finding that those with proactive personalities tend to increase the supportiveness of their supervisors (a true benefit), and they also modify their work situations so they have more control.

OB in Action

How to Thrive as an Introvert

Having an introverted personality is an individual difference that you, Larry Page, Bill Gates, Mark Zuckerberg, and many successful people you know personally may share. But regardless of your own level of success, you can benefit from the advice of Russ Fujioka, president of the Americas for cloud accounting company Xero. Fujioka is a self-proclaimed and successful introvert.

1. **Be self-aware.** Be aware that introverts can be perceived as disinterested or aloof when they seem less engaged in conversations and social interactions. They may or may not be disinterested, of course, but they are more likely to show it if they are. And in business situations, they must make the effort necessary to appear interested and force themselves to be engaged.
2. **Calibrate your intensity.** When engaging others, especially groups of people or teams at work, try to push your personal intensity level to 10 on a 10-point scale. If you feel your volume, body language, and interactions are maxed out, realize that if you were an extrovert you'd probably be playing at only 7 instead of 10. Your perception of intense and loud is lower than what others will perceive. (Soliciting feedback, which is discussed in Chapter 6, is a good way of calibrating your intensity.)
3. **Play to your strengths.** Because engaging others is typically quite draining for introverts, it is a good idea to talk about and stick to topics you personally know and care about. This will make you naturally more energized and comfortable.
4. **Get team practice.** Join a team. Whether you join a recreational sports team or a club of some sort, being a member will help you practice and get comfortable with interacting with others. If it is a non-work team, the pressure and stress of work won't be part of the experience, making it easier to engage. This will help build your skills for when it really counts, at work![29]

YOUR THOUGHTS?

1. Overall, do you think you are more of an introvert or extrovert?
2. Describe a situation at work (or school if you're currently not working) in which the attributes of introversion can benefit you.
3. Describe in detail how you can apply any two of the four recommendations outlined above. Be sure to include the situation, what specifically you can do, and how or why this would be a benefit.

Proactive Managers What about your manager? Interesting recent work showed that the ideal scenario is for both you and your manager to be proactive. This results in a better fit and better relationship between the two of you, and it also increases your level of job performance, job satisfaction, and affective commitment.[30] The same study also showed that the worst scenario in terms of performance was low proactivity for both you and your manager, followed by a highly proactive manager and a low proactivity follower. Thus proactivity is a highly valued characteristic in the eyes of employers. And being proactive has direct and indirect benefits for your performance. Given these facts, how proactive do you believe you are? How might you increase your proactivity? To help answer these questions, learn about your own proactivity, and explore the potential benefits for you, complete Self-Assessment 3.2.

SELF-ASSESSMENT 3.2

How Proactive Am I?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 3.2 in Connect.

1. Do you see a pattern among the questions on which you scored the highest? The lowest?
2. What are the implications of your highest-scoring answers for your success in school? In other words, how can these aspects of your proactivity help you?
3. How can knowledge of your proactive personality score help you when you look for a job? Be specific.

Proactivity and Entrepreneurs Besides leading to increases in job performance, job satisfaction, and affective commitment (as discussed in Chapter 2), proactive personality is also linked to intentions to be entrepreneurial. This really should not be surprising, but it is helpful to know that scientific OB research substantiates this belief. Building on this, we can say that employees with proactive personalities are more likely to be engaged (again, see Chapter 2) and creative at work.[31]

Successful entrepreneurs often exemplify the proactive personality. Consider Dan Goldie, former professional tennis player and successful financial adviser. Goldie's youthful passion was tennis, and his talent led him to junior championship titles, a scholarship at Stanford, and a ranking of 27th on the pro tour. Now he considers himself more successful at managing money than he ever was at tennis. Impressive to be sure.

But perhaps more interesting about Goldie's story is that proactivity has been a hallmark of his entire journey. He knew he wanted to go to college, and the only way to pay for it was with a scholarship. He trained, competed, and earned it. He dreamed of playing professionally, so he aimed for colleges with top tennis programs (like Stanford). He valued money, so he turned professional as soon as possible. And, realizing he would not be a top player and that tennis would not last forever, he completed an MBA while on tour. He also utilized his standing to associate with and learn about finance from top professionals in that industry. Later, and finally, he leveraged his tennis relationships to land some of his first and most significant clients as a money manager.[32]

Another entrepreneurial example is Sal Khan's Khan Academy. Now world famous, this organization provides Internet-based learning for nearly every scholastic subject under the sun. Here's how it started. Khan, who has three graduate degrees, offered to help his cousin with one of her classes via the Internet. She learned, the word spread, and a company was born. Khan Academy has now delivered over 580 million lessons, and users have completed more than 3.8 billion educational exercises.[33]

Sal Khan's influence in online learning is epic. It is likely that a number of his individual differences (e.g., intelligence and proactivity) contribute to his entrepreneurial success. © Larry Busacca/Getty Images

Fascinating statistics, shown in Table 3.3, highlight other notable individual differences of entrepreneurs. How do you match up?

Table 3.3 contains only averages. Even if you don't possess these qualities, you still can succeed as an entrepreneur. To help make this point, let's explore the link between personality and performance.

TABLE 3.3 TAKING THE MEASURE OF ENTREPRENEURS

40	Average and median age
95.1%	Have bachelor's degrees
47%	Have advanced degrees
71.5%	Come from middle-class backgrounds
< 1%	Come from extremely rich or extremely poor backgrounds
70%	Used own savings as major source of funding
42.5%	Were firstborn
3.1	Average number of siblings
51.9%	First in family to start a business
69.9%	Married when they launched first business
59.7%	Had at least one child
73%	Think luck is an important factor in the success of their venture

SOURCE: "By the Numbers: Taking the Measure of Entrepreneurs," *The Wall Street Journal,* November 12, 2012.

Personality and Performance

Instead of simply assuming personality affects performance, let's see what research has to say and how this knowledge can make you more effective. First, and most generally, your personality characteristics are likely to have the greatest influence and effect on performance when you are working in situations that are unstructured and with few rules.[34] This makes sense. You're more likely to show your true colors (your personality) when the situation is open and lacks constraints.

As for the Big Five, knowledge of these stable personality dimensions can assist in selecting the right people and assigning them responsibilities that will set them up to win.

- *Conscientiousness* has the strongest (most positive) effects on job performance and training performance. Individuals who exhibit traits associated with a strong sense of purpose, obligation, and persistence generally perform better than those who do not. They also tend to have higher job satisfaction.[35] This trait has consistently been shown to be the most influential when it comes to performance at work.
- *Extroversion* is associated with success for managers and salespeople, and more generally for jobs that require social skills. It is also a stronger predictor of job performance than agreeableness, across all professions.
- *Introverts* have been shown to score their extroverted and disagreeable coworkers more harshly than their similarly introverted coworkers. The implication is that introverts focus on interpersonal skills more than extroverts when evaluating coworkers' performance.[36] How might this affect you in peer evaluations at school and/or work?
- *Agreeable* employees are more likely to stay with their jobs (not quit). They tend to be kind and get along with others, and thus they often have positive relationships and experiences at work.[37]
- *Openness* seems to lead to higher turnover. Open employees are curious and likely to seek out new opportunities, even when they are satisfied with their current jobs.[38] This characteristic seems like a double-edged sword for employers. On the one hand they want open and flexible employees, but these are also the same employees who are likely to quit. How might you deal with this as a manager or the owner of a business?

- *Emotional stability,* along with conscientiousness and agreeableness, is associated with a greater focus on and practice of workplace safety. Imagine you are a manager in a chemical plant. How might you use this knowledge in selecting new employees? In assigning and training existing employees?

Personality Testing at Work

Personality testing is a commonly used tool for making decisions about hiring, training, and promotion. Current estimates are that approximately 76 percent of organizations with more than 100 employees now use some sort of pre- or post-hiring assessment, including personality tests,[39] spending more than $500 million annually on such services.[40] A few of the major reasons organizations use such tests are that they:

1. Reduce time and cost of recruiting and hiring.
2. Reduce biases in the interview process.
3. Increase the pool of candidates (because such tests can be administered electronically and remotely).
4. Complement candidate information found in résumés and interviews.[41]

Personality tests, in particular, are more widely used at the management level than at the entry level (80 percent and 59 percent of the time, respectively).[42] However, despite this widespread use, many experts argue that the typical personality test is not a valid predictor of job performance.[43] One reason might be that many test takers don't describe themselves accurately but instead try to guess what answers the employer is looking for.[44]

Applying OB

Acing Employment Tests

As in every other test situation, on an employment test you want to perform well. Getting hired or promoted may depend on it, tempting you to provide the answers you think the employer wants to hear. Faking is ill-advised, though. Many tests are intended to assess fit, and if you don't answer honestly, you might get a job you hate! Instead consider the following tips:

1. **Practice.** Yes, like other tests (GMAT, SAT, MCAT, LSAT) you can practice for employment tests. In fact, practice can help increase scores by 20 percent, according to research. Practicing works because you become more comfortable taking such tests, you develop effective test-taking strategies, and you actually learn what you're being tested on. Taking GRE practice exams is a good way to sharpen reasoning, numerical, and verbal skills.
2. **Play to your own rhythms.** If you are sharpest in the afternoon, try to avoid taking employment tests in the morning. Also beware of what you eat and drink. Don't overdo the caffeine, unless that is what you've done for every test you've ever taken.
3. **Be yourself . . . sort of.** Don't lie. Well-designed tests can often detect inaccuracies, and most skilled interviewers unveil inconsistencies with ease. But also beware of being too extreme. Ambition is generally good, but extreme ambition can be dysfunctional. A strong work ethic is preferred, but too high a level is a red flag. In a word—moderation. Don't be too much of even good things. And when interviewing, take the lead from what others have said about you. If somebody has recommended or endorsed you, learn what they said and then emphasize these same attributes. Sell yourself the way your endorsers are selling you. You want the interviewer's data points to align.

D. Meinert, "Heads Up: Personality Assessments Are Being Used More Often in the Hiring Process. But What Do They Really Tell You?," *HR Magazine*, June 2015, 88–98.

TABLE 3.4 ADVICE AND WORDS OF CAUTION ABOUT PERSONALITY TESTING IN THE WORKPLACE

Researchers, test developers, and organizations that administer personality assessments offer the following suggestions for getting started with testing or for evaluating whether tests already in use are appropriate for forecasting job performance:
• Determine what you hope to accomplish. If you are looking to find the best fit between job and applicant, analyze the aspects of the position that are most critical for it.
• Look for outside help to determine if a test exists or can be developed to screen applicants for the traits that best fit the position. Industrial psychologists, professional organizations, and a number of Internet sites provide resources.
• Insist that any test recommended by a consultant or vendor be validated scientifically for the specific purpose that you have defined. Vendors should be able to cite some *independent,* credible research supporting a test's correlation with job performance.
• Ask the test provider to document the legal basis for any assessment: Is it fair? Is it job-related? Is it biased against any racial or ethnic group? Does it violate an applicant's right to privacy under state or federal laws? Get legal advice to assure that a test does not adversely affect any protected class.
• Make sure that every staff member who will be administering tests or analyzing results is educated about how to do so properly and keeps results confidential. Use the scores on personality tests with other factors you believe are important to the job—such as skills and experience—to create a comprehensive evaluation of the merits of each candidate, and apply those criteria identically to each applicant.

SOURCE: S. Bates, "Personality Counts," *HR Magazine*, February 2002, 34. Reprinted with permission of the Society for Human Resource Management (www.shrm.org), Alexandria, VA, publisher of *HR Magazine*.

Another reason for inaccurate results is that personality tests are typically bought off the shelf and often given indiscriminately by people who aren't trained or qualified. And while rigorous research shows that personality actually is related to performance, the effects are small. Moreover, and perhaps more importantly, personality tests are designed to measure personality, not to identify the individual differences needed to *perform at a high level in a particular job*. This means that managers need different and better ways to measure personality if they want to select employees based on performance-conducive personality traits.

To help overcome these shortcomings, researchers have used technology and advances in brain science to create a new breed of tests. Companies such as Pymetrics and Knack use games that help assess cognitive abilities, thought processes, and other characteristics. The intended advantage is that prospective employees will be assessed on how they play or what they actually do, rather than on their answers to multiple-choice questions or a self-report instrument.

Genetic testing is also on the rise. It hasn't been used for hiring yet, but scientists, employers, and regulators are considering the potential pros and cons of such applications.[45]

Wise managers learn about personality and the tools used to measure it before investing in and/or utilizing the data they yield. Table 3.4 provides some insights.

There Is No "Ideal Employee" Personality

Given the complexity of today's work environments, the diversity of today's workforce, and recent research evidence, the quest for an ideal employee personality profile is sheer folly. Just as one shoe does not fit all people, one personality profile does not fit all job situations. Good managers take the time to get to know *each employee's unique combination* of personality traits, abilities, and potential and then create a productive and satisfying person–job fit. In other words, a contingency approach to managing people is best (recall the discussion of contingency in Chapter 1).

3.4 CORE SELF-EVALUATIONS: HOW MY EFFICACY, ESTEEM, LOCUS, AND STABILITY AFFECT MY PERFORMANCE

MAJOR QUESTION

How do self-evaluations affect my performance at work?

THE BIGGER PICTURE

You can significantly improve your self-awareness by understanding your core self-evaluations (CSEs). Such self-evaluations provide broad and useful ways to describe personality in terms of our individual differences in self-efficacy, self-esteem, locus of control, and emotional stability. CSEs and their component dimensions are more flexible than IQ but more stable than emotions. Your knowledge of CSEs can improve your performance at work, in your career, and in your life.

So far we've discussed both general and specific, or narrow, individual differences. A narrow perspective on personality enables us to describe individuals more precisely than general personality traits do. For example, it is more insightful to say that Steve Vai, a phenomenal progressive rock guitarist and a favorite of one of your authors, has incredible musical intelligence than to say that he is intelligent.

A broader perspective, in contrast, allows us to more effectively predict behavior. The reason is that broader concepts provide a more comprehensive and practical account of an individual's behavior.[46] This view suggests that part of Vai's guitar-playing prowess likely is due to other factors beyond his musical intelligence.

There is no clear answer as to which of these approaches is more accurate. However, researchers have identified a broad or general personality trait with significant relationships to a host of individual-level work outcomes included in Figure 3.2 and the Organizing Framework. This trait is called *core self-evaluations (CSEs)*. ***Core self-evaluations (CSEs)*** **represent a broad personality trait made up of four narrow and positive individual traits: (1) generalized self-efficacy, (2) self-esteem, (3) locus of control, and (4) emotional stability.** (See Figure 3.3.) People with high core self-evaluations see themselves as capable and effective. This section discusses the component traits and highlights research and managerial implications for each.

Steve Vai studied with rock guitarist and teacher Joe Satriani and attended the renowned Berklee College of Music in Boston. Early in his career Vai transcribed music and played for the legendary musician Frank Zappa. He is widely considered a virtuoso and would be expected to score very highly on musical intelligence. What other intelligences might influence his guitar playing, composing, and song writing? © epa european pressphoto agency bv/Alamy

FIGURE 3.3 THE CORE SELF-EVALUATION AND ITS COMPONENTS

Core Self-Evaluation

1. Generalized Self-Efficacy	2. Self-Esteem	3. Locus of Control	4. Emotional Stability

Why should you care about CSEs? CSEs have desirable effects on many outcomes in the Organizing Framework, such as increased job performance, job and life satisfaction, motivation, organizational citizenship behaviors, and better adjustment to international assignments. Better still, CSEs can be developed and improved.[47] They also have been studied in the executive suite. A study showed that CEOs with high core self-evaluations had a positive influence on their organization's drive to take risks, innovate, and seek new opportunities. This effect was especially strong in dynamic business environments.[48]

Now let's explore the component dimensions.

Self-Efficacy—"I Can Do That"

Have you noticed that those who are confident about their ability tend to succeed, while those who are preoccupied with failing tend to fail? At the heart of such performance differences is self-efficacy. ***Self-efficacy*** **is a person's belief about his or her chances of successfully accomplishing a specific task.**

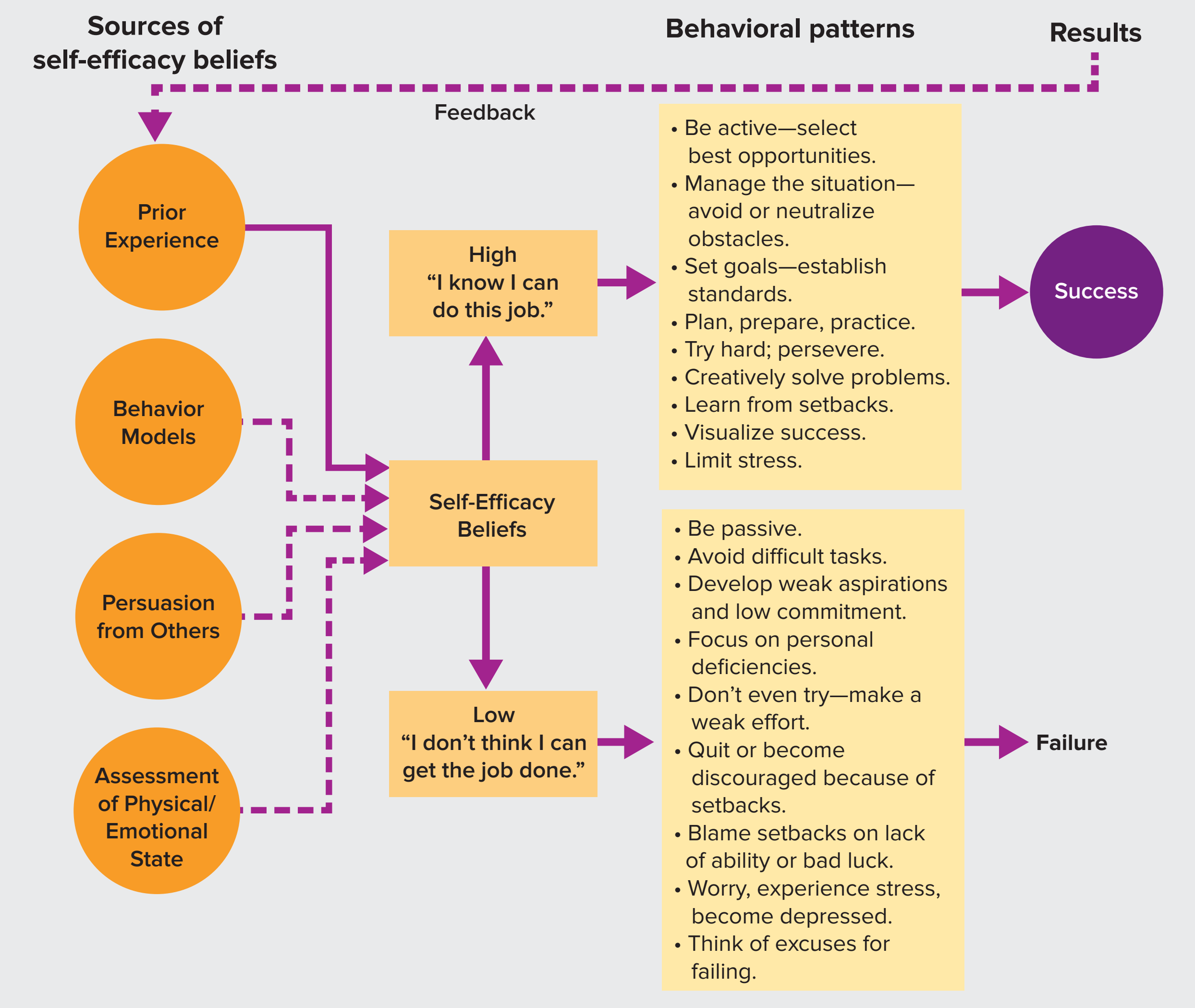
Self-efficacy can be developed. Helpful nudges in the right direction from parents, role models, and mentors are central to the development of high self-efficacy. For example, a study of medical residents showed that guidance and social support from their mentors improved the residents' clinical self-efficacy.[49]

Sara Blakely, the founder of Spanx, epitomizes self-efficacy. Not only is she the youngest self-made female billionaire, but also her path to the top contained more failures than successes. She failed to get into law school, worked at Disney World, did stand-up comedy, and sold fax machines all before designing and making her modern and fashionable girdles and selling them from her apartment and car. Think of some of your own "failures" and the way you responded. How did these experiences affect your self-efficacy?

Mechanisms of Self-Efficacy A detailed model of self-efficacy is shown in Figure 3.4. To apply this model, imagine you have been told to prepare and deliver a 10-minute talk to an OB class of 50 students on how to build self-efficacy. How confident are you that you can complete this task? Part of your self-efficacy calculation is to evaluate the interaction between person and situation factors described in the Organizing Framework.

On the left-hand side of Figure 3.4, among the sources of self-efficacy beliefs, prior experience takes first position as the most potent of the four sources. This is why it connects to self-efficacy beliefs with a *solid* line. Past success in public speaking would boost your self-efficacy, and poor experiences would diminish it. Other sources of your beliefs about yourself—behavior models, persuasion from others, and physical and emotional factors—might also affect your self-confidence. As weaker sources, they connect to beliefs with *dashed* lines in the figure.

FIGURE 3.4 SELF-EFFICACY PAVES THE WAY FOR SUCCESS OR FAILURE



SOURCE: Adapted from discussion in A. Bandura, "Regulation of Cognitive Processes through Perceived Self-Efficacy," *Developmental Psychology,* September 1989, 729–735, and R. Wood and A. Bandura, "Social Cognitive Theory of Organizational Management," *Academy of Management Review,* July 1989, 361–84

Your evaluation of the situation yields your self-efficacy level—ranging from high to low expectations for success. High expectations are not mere bravado; they are deep convictions supported by experience. Your self-efficacy beliefs in turn affect your *behavioral patterns* (right-hand portion of Figure 3.4). If you have high self-efficacy about giving your 10-minute speech, you will work harder, longer, and more creatively when preparing for your talk than would a low-self-efficacy classmate. Better performance will follow.

People program themselves for success or failure by enacting their self-efficacy beliefs. Positive or negative results subsequently act as feedback and become the basis of personal experience and future levels of self-efficacy.

Managerial Implications Self-efficacy has been extensively studied in the workplace. The data support a number of recommendations. As a general rule, managers are encouraged to nurture self-efficacy in themselves and others because it is related to improved job performance and job satisfaction (both are important individual-level outcomes). Table 3.5 provides a number of specific means for building self-efficacy. Nearly all are explained in detail in other chapters of this book.

TABLE 3.5 WAYS TO APPLY KNOWLEDGE OF SELF-EFFICACY AT WORK

Application	Explanation
1. Job Design	Complex, challenging, and autonomous jobs tend to enhance perceived high self-efficacy. Boring, tedious jobs generally do the opposite.
2. Training and Development	Managers can improve employees' self-efficacy expectations for key tasks through guided experiences, mentoring, and role modeling.
3. Self-Management	Training related to goal setting, action planning, and self-motivation all enhance self-efficacy expectations.
4. Goal Setting and Quality Improvement	Goal difficulty needs to match the individual's perceived self-efficacy.[50] As self-efficacy and performance improve, goals and quality standards can be made more challenging.
5. Creativity	Supportive managerial actions—encouraging risk taking and providing "blue sky time"—can enhance the strong link between self-efficacy beliefs and workplace creativity.[51]
6. Coaching	Those with low self-efficacy and employees hampered by learned helplessness need lots of constructive pointers and positive feedback.[52]
7. Leadership	Leadership talent surfaces when top management gives high self-efficacy managers a chance to prove themselves under pressure.

Self-Esteem—"Look in the Mirror"

Self-esteem **is your general belief about your own self-worth.** Personal achievements and praise tend to bolster self-esteem, while prolonged unemployment and destructive feedback tend to erode it. Researchers measure self-esteem by having people indicate their agreement with positive and negative statements about themselves. An example of a positive statement is, "I feel I am a person of worth, the equal of other people." An example of a negative statement is, "I feel I do not have much to be proud of." Those who agree with the positive statements and disagree with the negative statements have high self-esteem. They see themselves as worthwhile, capable, and accepted. People with low self-esteem view themselves in negative terms. They do not feel good about themselves and are hampered by self-doubts.[53]

Nationality, Life Span, and Gender Some have argued that self-esteem is largely a Western or even an American concept. To address this allegation, researchers surveyed more than 13,000 students from 31 countries. They found that self-esteem and life satisfaction were moderately related on a global basis. However, the relationship was stronger in individualistic cultures (United States, Canada, New Zealand, and the Netherlands) than in collectivist cultures (Korea, Kenya, and Japan). The likely reason is that individualistic cultures socialize people to focus more on themselves and value their own attributes and contributions, compared to people in collectivist cultures who "are socialized to fit into the community and to do their duty" (value the group more than oneself).[54]

Some notable practical recommendations:

- **Nationality**—Global managers should de-emphasize self-esteem when doing business in collectivist ("we") cultures, as opposed to emphasizing it in individualistic ("me") cultures.

Many individual differences influence performance. Of those discussed so far in this chapter, which do you think are most important for surgeons? Would you rather have a surgeon with high self-efficacy or high self-esteem? © Pixtal/agefotostock RF

- **Life span**—You can expect your self-esteem to remain fairly stable over the course of your life, especially after age 30.
- **Gender**—Self-esteem differences between men and women are small at best.

While research suggests that self-esteem is relatively consistent within cultures, over time, and among men and women, we can still ask: *Can it be improved?*

Can Self-Esteem Be Improved? The short answer is yes. So if your self-esteem is lower than you'd like now, don't despair. It has been shown, for example, that supportive clinical mentors improved medical residents' self-esteem.[55] But not everyone is convinced.

Case for: Researchers have found one method especially effective for improving self-esteem. Low self-esteem can be raised more by having the person think of *desirable* characteristics *possessed* rather than of undesirable characteristics from which he or she is free.[56]

Case against: Some researchers believe performing at a high level boosts your self-esteem, not the other way round. Therefore, they reason it's a mistake to focus on self-esteem. We all know people who "talk big" but "deliver small" and thus seem to suffer from delusions of competency.

Our recommendation: Apply yourself to things that are important to you. If getting an A in your OB course affects your sense of self-worth, then you will be motivated to work harder and presumably perform better.

Locus of Control: Who's Responsible—Me or External Factors?

Locus of control **is a relatively stable personality characteristic that describes how much personal responsibility we take for our behavior and its consequences.** We tend to attribute the causes of our behavior primarily to either ourselves or environmental factors. (Recall our discussion of the person–situation distinction in Chapter 1.) Locus of control thus has two fundamental forms—internal and external.[57]

Internal Locus of Control **People who believe they control the events and consequences that affect their lives are said to possess an *internal locus of control.*** Such people, called internals, tend to attribute positive outcomes to their own abilities and negative outcomes to their personal shortcomings. Many entrepreneurs eventually succeed because their internal locus of control helps them overcome setbacks and disappointments.[58] They see themselves as masters of their own fate and not as simply lucky. Those who willingly take high-stakes jobs in the face of adversity (such as pulling a company back from scandal or bankruptcy) likely also have a high internal locus of control. Although Yahoo! continued to struggle in 2016 and will likely be sold, CEO Marissa Mayer undoubtedly has a high internal locus. This partly explains her willingness to take on the challenge of turning the company around in the face of great difficulties and criticism.[59]

External Locus of Control In contrast, **those who believe their performance is the product of circumstances beyond their immediate control possess an *external locus of control*** and tend to attribute outcomes to environmental causes, such as luck or fate. An "external" would attribute a passing grade on an exam to something external like an easy test and attribute a failing grade to an unfair test or distractions at work.

Locus in the Workplace The outcomes of internals and externals differ widely at work.

Internals

- Display greater work motivation.
- Have stronger expectations that effort leads to performance.
- Exhibit higher performance on tasks that require learning or problem solving, when performance leads to valued rewards.
- Derive more job satisfaction from performance.

Externals

- Demonstrate less motivation for performance when offered valued rewards.
- Earn lower salaries and smaller salary increases.
- Tend to be more anxious.[60]

Don't mistakenly assume, however, that internal locus is always good and external is always bad. High internals can implode, burn out, or otherwise underperform in situations that offer them little or no control, such as during organizational changes in which they have no input or influence. An external locus would be more helpful here. Encouragingly, research shows managers can increase the degree of one's internal locus of control over time by providing more job autonomy (something you'll learn about in Chapter 5).[61]

Emotional Stability

As described in our discussion of the Big Five and in Table 3.2, **individuals with high levels of *emotional stability* tend to be relaxed, secure, unworried, and less likely to experience negative emotions under pressure.** In contrast, if you have low levels of emotional stability, you are prone to anxiety and tend to view the world negatively. How is this knowledge useful at work? Employees with high levels of emotional stability have been found to have higher job performance and to perform more organizational citizenship behaviors. Recall that organizational citizenship behaviors (OCBs) are actions that go above and beyond your job responsibilities to benefit the organization. Emotionally stable employees also exhibit fewer counterproductive work behaviors (CWBs), actions that undermine their own or others' work. Both OCBs and CWBs were discussed in Chapter 2 and are individual-level outcomes illustrated in Figure 3.2 and the Organizing Framework. For an illustration of the way emotional stability affects an individual's professional and personal life, see the OB in Action box about Alphabet (Google) Chief Financial Officer Ruth Porat.

OB in Action

Alphabet's Financial Chief Avoided Pitfalls that Stymied Others[62]

Ruth Porat is the chief financial officer of Alphabet (now the parent company of Google). Before taking the job in 2015 she was the CFO of Morgan Stanley and considered one of the most powerful women on Wall Street. Despite her impressive résumé and reputation, she is not an accountant and had never worked in a finance department. She has, however, effectively leveraged her Stanford economics degree and Wharton MBA. More impressive, she has overcome many adversities during her rise to the corporate suite.

Not a Crash Porat started in finance in 1987 at Morgan Stanley, just before the stock market crashed. She survived the resulting business downturn, and a few years later she moved to Smith Barney. In 1996 she made her way back to Morgan Stanley and eventually became a technology banker during the tech boom, and bust, of the late 1990s.

Not a Bubble Porat then transformed herself into a financial services banker and rode out the financial crisis of 2008–2010, becoming CFO of Morgan Stanley. Many of her colleagues on the Street cautioned her about her new role. They noted that the last two female CFOs for Wall Street firms—Erin Callan of Lehman Brothers and Sally Krawcheck of Citigroup—had become casualties of the crisis, as did Zoe Cruz, formerly a co-president at Morgan Stanley.

Not Even Cancer and Childbirth But once again Porat was undaunted. Despite also weathering two bouts of breast cancer in the 2000s, she stayed the career course. Her colleagues recognize her as one of the smartest, hardest-working, and most unshakable people with whom they have worked. She even made client calls in the delivery room during the birth of her first child. She also insisted on finishing a business presentation while lying on a conference room table after throwing her back out!

While these are not necessarily admirable stories, they do suggest that Porat has a positive self-view and is relaxed, secure, and unworried in the face of adversity (emotionally stable).

YOUR THOUGHTS?

1. What are the advantages and disadvantages of displaying such high levels of emotional stability at school and work?
2. Do you think such high emotional stability is necessary to be a successful executive on Wall Street? How do your answers change (if they do) for a female executive?
3. How would you evaluate Porat on the other three CSE traits of self-efficacy, self-esteem, and locus of control?

Three Practical Considerations for Core Self-Evaluations

Before we leave core self-evaluations, we'll briefly touch on three areas of interest:

- Is having more of a CSE component always better?
- Is the whole of the CSE components greater than its parts?
- How can managers use CSEs?

Is More Always Better? Like having more self-esteem, having greater emotional stability is not always better. Researchers found curvilinear, or inverted-U, relationships between emotional stability and outcomes. This suggests that as your emotional stability increases, so too will your job performance and organizational citizenship behaviors, *but only to a point*.

Effect on organizational citizenship behaviors. As emotional stability continues to increase, OCBs decline, likely because you focus your attention on the task at hand and *not* on your coworkers. Typically, that's a good thing. However, at a certain level emotional stability becomes problematic if you begin obsessing over details and lose sight of the larger objectives and those with whom you work.

Effect on counterproductive work behaviors. Research found that emotional stability buffered or protected participants against stressors at work (trouble with their supervisors, unfair policies, and too much work). Thus they were less bothered and less likely to act out by committing CWBs. But there was a tipping point when the stress became too much and emotional stability could not prevent counterproductive behaviors.[63]

What is the lesson for you? Emotional stability is an asset for many types of jobs, but it will take you only so far.

Is the Whole of CSE Greater than Its Parts? As shown in Figure 3.3, core self-evaluations are composed of self-esteem, self-efficacy, locus of control, and emotional

The Cleveland Cavaliers won the 2016 NBA Championship. Although many consider LeBron James, the team's marquee player, as the best player in all of basketball, he certainly could not have won the game or series alone. Can you think of non-sports examples where the whole is greater than the sum of the parts? © Beck Diefenback/AFP/Getty Images stability. To clarify the value of a CSE as a whole versus that of its component traits, think of basketball as a metaphor.

Clearly a team outperforms any individual playing alone. Even the greatest player ever would have no chance against an entire team. The five greatest players ever, playing individually, still have no chance against an entire team. Individually they would never score! Thus the sum of their solo efforts would be zero.

However, if you assembled a *team* of the five greatest players, they would likely perform very well. We don't want to overemphasize the team concept (addressed in detail in Chapter 8), but the combination of (talented) players in a team does enable individual players to do things they couldn't otherwise do on their own. Moreover, history tells us that teams with the best individual players ("all-star teams") don't win every game. The fact that they can lose shows that indeed the whole is greater than the sum of the parts—sometimes for their competitors! CSEs and its component traits are much the same. Core self-evaluation is the team and the traits are the individual players—the whole is greater than the sum of the parts.

How Can I Use CSEs? Especially in a managerial role, you can use your knowledge of CSEs in many practical ways, such as:

- **Employee selection.** It is more efficient to select employees using CSEs as one broad personality characteristic rather than using its four component traits. Employers can determine the link between one characteristic (CSE) and performance in a particular job, rather than having to determine the relationships between each of the four components parts and performance. This is one relationship versus four. Doing so also enables managers and employers to take advantage of the many beneficial outcomes described above.
- **Training.** The training potential of CSEs is limited because most of its components are trait-like or relatively fixed (self-esteem, locus of control, and emotional stability). That said, self-efficacy is more flexible than the other three components and can be enhanced as explained above. (Figure 3.4 is an excellent "how to" guide.)

Before moving on, we encourage you to assess your own core self-evaluations in Self-Assessment 3.3. Knowledge of your CSEs helps you understand other components of your personality beyond the Big Five discussed and assessed earlier. Awareness of your self-esteem, self-efficacy, locus, and emotional stability can help guide many aspects of your work life, such as what types of jobs to look for and what types of development opportunities may be most useful for you.

connect SELF-ASSESSMENT 3.3

How Positively Do I See Myself?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 3.3 in Connect.

1. What is your CSE score? A score greater than 48 is high, between 36 and 48 moderate, and less than 36 low.
2. What are the implications for your performance in school? Work?
3. Now consider a scenario: You're on a three-member team for a project in this class that requires research, a paper, and a presentation. Your CSE score is high, one team member's is moderate, and the other's is low. Describe the potential implications for the three of you working together and your ultimate performance on the paper and presentation.

Let's continue our discussion of individual differences and learn about emotional intelligence (EI) next. EI is an increasingly popular OB concept, one that is relatively more flexible than CSEs and the others discussed thus far.

3.5 THE VALUE OF BEING EMOTIONALLY INTELLIGENT

MAJOR QUESTION

What is emotional intelligence and how does it help me?

THE BIGGER PICTURE

You likely already know that intelligence doesn't tell us everything we need to know about performance. The smartest student doesn't always get the best grades, and the smartest candidate for a job is not necessarily the best choice. While you almost certainly agree with both these statements, what is even more certain is that people perform better if they have emotional intelligence—smart or not. When you understand the concept of emotional intelligence from an OB perspective, you'll understand why it is an important person-factor input in the Organizing Framework.

As we know, people deal with their emotions in many different ways, which is one reason we are discussing emotions in the chapter on individual differences. For a long time many people considered skill in managing emotions as simply a matter of maturity. However, since the mid-1990s researchers, consultants, and managers have increasingly described emotional maturity by using the phrase *emotional intelligence (EI)*. Today, EI is big business. Hundreds of consulting companies provide EI products and services, and estimates suggest that approximately 75 percent of Fortune 500 companies use them.[64]

What Is Emotional Intelligence?

***Emotional intelligence* is the ability to monitor your own emotions and those of others, to discriminate among them, and to use this information to guide your thinking and actions.** Referred to by some as EI (used in this book) and by others as EQ, emotional intelligence is a mixture of personality and emotions and has four key components (see also Table 3.6):

1. Self-awareness
2. Self-management
3. Social awareness
4. Relationship management[65]

The first two dimensions constitute *personal competence* and the second two feed into *social competence*. Recall the discussion earlier in the chapter of inter- and intra-personal intelligences described by Gardner. EI builds on this work.

Before learning more about emotional intelligence, complete Self-Assessment 3.4. Self-awareness is fundamental to EI, and having this knowledge in hand is helpful in exploring the benefits of EI and learning how to develop it.

TABLE 3.6 DEVELOPING EMOTIONAL INTELLIGENCE

Personal Competence	HOW WE MANAGE OURSELVES	
	Capability	**Description**
Self-Awareness	Emotional self-awareness	Reading one's own emotions and recognizing their impact; using "gut sense" to guide decisions
	Accurate self-assessment	Knowing one's strengths and limits
	Self-confidence	A sound sense of one's self-worth and capabilities
Self-Management	Emotional self-control	Keeping disruptive emotions and impulses under control
	Transparency	Displaying honesty and integrity; trustworthiness
	Adaptability	Flexibility in adapting to changing situations or overcoming obstacles
	Achievement	The drive to improve performance to meet inner standards of excellence
	Initiative	Readiness to act and seize opportunities
	Optimism	Seeing the upside in events
Social Competence	**HOW WE MANAGE RELATIONSHIPS**	
	Capability	**Description**
Social Awareness	Empathy	Sensing others' emotions, understanding their perspective, and taking active interest in their concerns
	Organizational awareness	Reading the currents, decision networks, and politics at the organizational level
	Service	Recognizing and meeting follower, client, or customer needs
Relationship Management	Inspirational leadership	Guiding and motivating with a compelling vision
	Influence	Wielding a range of tactics for persuasion
	Developing others	Bolstering others' abilities through feedback and guidance
	Change catalyst	Initiating, managing, and leading in a new direction
	Conflict management	Resolving disagreements
	Building bonds	Cultivating and maintaining a web of relationships
	Teamwork and collaboration	Cooperation and team building

SOURCE: D. Goleman, R. Bovatzis, and A. McKee, *Primal Leadership: Realizing the Power of Emotional Intelligence* (Boston, MA: Harvard Business School Publishing Corporation, 2002), p. 39.

connect SELF-ASSESSMENT 3.4

What Is Your Level of Emotional Intelligence?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 3.4 in Connect.

1. Which of the four dimensions is highest for you? What are the implications for you at school and/or work?
2. Which dimension is the lowest? What are the implications for you at school and/or work?
3. Do you have greater personal or social competence? What are the implications for you at school and/or work?

Now that you have some knowledge of your EI you might wonder, *Why another type of intelligence, and how is EI different from IQ?* Those who developed the concept of EI argue that traditional models of IQ are too narrow, failing to consider interpersonal competence. They also argue from a practical perspective that EI is more flexible than IQ and can be developed throughout your working life. This is consistent with Figure 3.2 and the practical benefits of relatively flexible IDs. Let's explore the benefits of EI and how to develop yours.

Problem-Solving Application

"Some days you're the fire hydrant and some days you're the dog."

This quote is by Parker Conrad, from an interview he gave after he was forced to resign as CEO of Zenefits, a company he founded. Zenefits' software serves as both insurance broker and benefits administrator for companies, essentially eliminating the need for intermediaries like conventional insurance brokers. While the idea and its growth are impressive, the company has many problems, and these have been attributed to Conrad's personality and behavior.[66]

It seems that Conrad was especially determined to pursue hyper-growth at any cost. As the founder and chief, he ran the company his way and according to the mantra, "Ready, fire, aim!"[67] His aggressive, confrontational, and emotional nature pervaded his adult life. When asked in an interview about the future for insurance brokers, he answered, "They are (expletive)." In response to a lawsuit from ADP (a competitor and major player in the payroll processing, tax, and HR business), Conrad launched a Twitter hashtag—#ADPeeved.[68]

Conrad also resisted adding members to the company's board to provide more oversight and guidance, as well as attempts to slow its growth and hiring.[69] Employees described him as "demanding, undisciplined, and unable to build a sustainable company . . . there were celebrations and tears of relief" when he resigned.

His experiences at Zenefits seem to fit a pattern. He was forced to leave his previous start-up (SigFig) because of a falling out with the cofounder. He also had to take a leave of absence from Harvard (although he eventually graduated), when he neglected his classes while working at the school newspaper.[70]

Although Parker Conrad has already stepped down as CEO, assume he hasn't, and apply the 3-Step Problem-Solving Approach below.

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in the example.

Step 2: Identify the OB concepts and theories that may point to the cause of the problem. For example, what role has Parker Conrad's emotional intelligence played in the problem you defined? Which personality attributes are evident, and how might they have contributed?

Step 3: Assuming Conrad were still CEO, make a recommendation to correct the situation. Think both short-term and long-term.

Benefits of EI

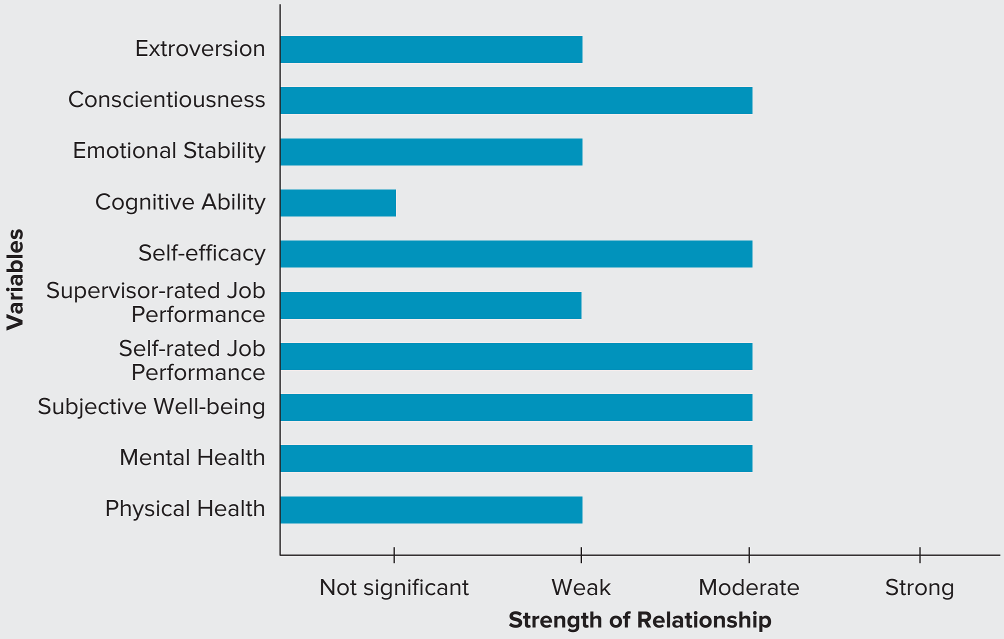
What Research Tells Us EI has been linked to better social relationships, well-being, and satisfaction across all ages and contexts, including work.[71] For instance, store managers' EI was shown to foster greater team cohesiveness (covered in Chapter 8) among sales associates, and this in turn boosted sales.[72] EI has also been linked with creativity, helping employees manage their emotions amid the challenges of the creative process in order to stay on task and remain in the creative space. EI further enables individuals to apply positive emotions to their work, improving their creative outcomes.[73]

Meg Whitman, No. 7 on Fortune's Most Influential Women list, holds the three top executive titles at Hewlett-Packard—CEO, chairperson, and president. She also is orchestrating the splitting of the company into two divisions. HP has been losing market share, competitive position, and market capitalization for years, and Whitman is determined to fix it. She has implemented more than 80,000 job cuts and endured a 30 percent decline in stock price in 2015 alone. To deal with stakeholders, including employees, shareholders, customers, and board members, many of them angry, she must possess and utilize a tremendous amount of emotional intelligence.[74]

Figure 3.5 summarizes the relationships between EI and a number of individual differences we've covered as well as several outcomes. EI does not contain any strong relationships with other inputs or outcomes contained in the Organizing Framework. In fact, there are an equal number of weak and moderate relationships. Most importantly, EI was not found to be the big driver of performance as suggested by some consultants and academics.

Practical Take-Aways EI certainly makes common sense and is appealing on the surface. However, despite its popularity and the millions of dollars spent on EI programs every year, the research results are mixed. Proceed with caution.[75] Beware of individuals and companies claiming EI is the silver bullet of performance. It is but another individual difference, and no single such attribute explains all behavior. Nevertheless you should identify and develop your own EI to realize the clear interpersonal benefits. Table 3.6 can serve as a guide.

FIGURE 3.5 RELATIONSHIPS BETWEEN EMOTIONAL INTELLIGENCE AND INDIVIDUAL DIFFERENCES AND OUTCOMES



SOURCE: N. Sánchez-Álvarez, N. Extremera, and P. Fernández-Berrocal, "The Relation between Emotional Intelligence and Subjective Well-Being: A Meta-Analytic Investigation," *Journal of Positive Psychology,* May 2016, 276–285; D. Joseph, J. Jin, D. A. Newman, and E. H. O'Boyle, "Why Does Self-Reported Emotional Intelligence Predict Job Performance? A Meta-Analytic Investigation of Mixed EI," *Journal of Applied Psychology,* March 2015, 298–342; A. Martins, N. Ramalho, and E. Morin, "A Comprehensive Meta-Analysis of the Relationship between Emotional Intelligence and Health," *Personality and Individual Differences,* October 2010, 554–564.

TAKE-AWAY APPLICATION

Understanding My Own Emotional Intelligence

1. Using Table 3.6, evaluate and develop a plan to enhance your EI. What are your personal strengths and weaknesses in terms of both personal and social competence? Be honest.
2. Think of an example where your EI has helped you and an example where you would have benefited from having greater EI.
3. Identify one aspect of personal competence from Table 3.6 and describe how you can improve it. Be specific.
4. Identify one aspect of social competence from Table 3.6 and describe how you can improve it. Be specific.

Now that you've learned about emotional intelligence, let's explore emotions themselves.

3.6 UNDERSTAND EMOTIONS TO INFLUENCE PERFORMANCE

MAJOR QUESTION

How can understanding emotions make me more effective at work?

THE BIGGER PICTURE

The human experience is awash in emotions. You won't be surprised then to learn that emotions are important both at work and as an individual-level process in the Organizing Framework. You're about to learn the difference between felt versus displayed emotions and how emotions serve as an important means of communication with both ourselves and others. Most of your experiences elicit a mix of positive and negative emotions, and these emotions also are tightly related to your goals.

Many people believe employees should check their emotions at the door when they come to work. The reality is that this is impossible. Like personality and the other IDs discussed thus far, emotions are an integral part of who we are as people, a fundamental part of the human experience, and they greatly influence our performance. Given this reality, you will want to understand emotions so you can manage them *as a process* to benefit you, your team, and your employer. This will help make emotions a practical tool for you to use, rather than something to avoid, ignore, or suppress.

Emotions—We All Have Them, but What Are They?

Emotions **are complex, relatively brief responses aimed at a particular target, such as a person, information, experience, or event. They also change psychological and/or physiological states.**[76] Researchers distinguish between *felt* and *displayed* emotions.[77] For example, if your boss informs you that you've been passed over for a promotion, you might feel disappointed and/or angry (felt emotion). You might keep your feelings to yourself or you might begin to cry. Both reactions are instances of displayed emotions. It's just that in the first case you are choosing not to show emotion, which means your display is "no emotion." Your display can affect the outcomes, in this case your manager's reactions. Taxi drivers, waiters, and hairdressers all received higher tips when they were trained to manage what they felt and the way they displayed these feelings.[78]

Emotions also motivate your behavior and are an important means for communicating with others.[79] A smile on your face signals that you're happy or pleased, while a scowl and a loud, forceful tone of voice may reflect anger. We also know that our emotions can and often do change moment to moment and thus are more flexible than the other IDs discussed thus far. For these reasons, emotions have important implications for you at school, at work, and in every other social arena of your life.

Applying OB

Do You Procrastinate? Blame Your Emotions!

Most people procrastinate at least occasionally. Some seem to procrastinate all the time. We often attribute this to poor time management or even laziness. But it seems that research has revealed a true cause—emotions. Researchers say procrastination is way to deal with stress. That's right. Putting off studying for your next exam, for example, is a way of dealing with the stress of actually preparing for it.

The rationale is that many things you do while procrastinating are often things that make you feel good or that you enjoy, such as shopping, going out with friends, watching TV, or playing video games. They help ease the anxiety associated with the task you need to do (study for an exam). Compounding this further, it seems that people who are more impulsive tend to be more anxious, and the more anxiety they experience, the more likely they are to procrastinate to make themselves feel better. With this in mind, what can occasional and chronic procrastinators do to help themselves?

1. *Set subgoals.* Whatever the needed or dreaded task is, break it into smaller parts or subgoals and specify a particular start and end time for each. Doing this will help the task seem less daunting, which will reduce your associated anxiety and the temptation to do something else more enjoyable (procrastinate).
2. *Just do it.* We're not talking about going for a run or playing sports, which while healthy may be another form of procrastination. Instead, we're saying just get started and do part of the task. Once you've begun, completing it will seem less difficult.
3. *Envision the benefits and feelings.* How will you feel when you're finished? What will you be able to do? This seems obvious enough, but research has shown that people rarely think of such benefits when they are procrastinating.
4. *Reward yourself.* Building on No. 3, reward yourself for achieving the subgoals, as well as the overall goal or task.

Blaming your emotions won't get your term paper done or help you prepare sufficiently for the upcoming client presentation. Understanding the role emotions play, however, may indeed help you recognize and overcome your tendencies. With this advice in mind, get to work!

Adapted from S. Wang, "To Stop Procrastinating, Start by Understanding the Emotions Involved," *The Wall Street Journal,* August 31, 2015, http://www.wsj.com/articles/to-stop-procrastinating-start-by-understanding-whats-really-going-on-1441043167.

Emotions as Positive or Negative Reactions to Goal Achievement

You'll notice from the definition that you can think of emotions, whether positive, negative, or mixed, in terms of your goals.[80]

- **Positive.** If your goal is to do well in school and you graduate on time and with honors, you are likely to experience positive emotions such as *joy, gratitude, pride, satisfaction, contentment,* and *relief.* These emotions are positive because they are *congruent* (or consistent) with your goal.
- **Negative.** Negative emotions are triggered by frustration and failure to meet goals. They are said to be goal *incongruent*. Common negative emotions are *anger, fright, anxiety, guilt, shame, sadness, envy, jealousy,* and *disgust.* Which of these are you

likely to experience if you fail the final exam in a required course? Failing would be incongruent with your goal of graduating on time with a good GPA. Typically, the more important the goal, the more intense the emotion.

- **Mixed.** Meeting or failing to meet our goals can also generate *mixed* emotions. Say you receive a well-earned promotion that brings positives like more responsibility and higher pay—but only if you relocate to another state, which you don't want to do.

Besides Positive and Negative, There's Past vs. Future

The negative–positive distinction matters—you're happy, you're sad. However, another characteristic of emotions can be especially useful for managers. Assume you're a manager in a company that just downsized 15 percent of its employees. This is stressful for all those who lost their jobs, but let's focus on two fictitious employees who survived the cuts—Shelby and Jennifer. Both feel negatively about the job cuts, but in different ways.

Shelby: Her dominant emotion is anger. People are typically angry about things that happened (or didn't happen) in the past. This means that anger is a backward-looking or retrospective emotion.

Jennifer: Her dominant emotion is fear. People are typically fearful of things that might happen in the future. Fear is thus a forward-looking or prospective emotion.

Practical implications for managers. Knowing these emotions tells you that Shelby is likely most concerned with something that happened in the past, such as the way decisions were made about whom to terminate. She may think the process was unfair and caused a number of her favorite colleagues to be let go. As for Jennifer, knowing she is dominated by fear tells you that it is uncertainty about the future—perhaps her job might be cut next—that concerns her most. As their manager, you can use this more specific knowledge of Shelby's and Jennifer's emotions to guide your own actions. The following Take-Away Application builds on this scenario.

TAKE-AWAY APPLICATION

Managing Others' Emotions

Assume you are their manager and you know Shelby's dominant emotion related to the downsizing is anger and Jennifer's is fear.

1. What are two specific things you could do to alleviate Shelby's anger?
2. What are two specific things you could do to reduce Jennifer's fear?
3. What other things could you do to increase their positive emotions related to the changes?

How Can I Manage My Negative Emotions at Work?

Theoretically, to manage your emotions at work you could simply translate your felt emotions into displayed emotions—unfiltered. Besides being unrealistic, however, this would be disastrous. Organizations have ***emotion display norms,*** **or rules that dictate which types of emotions are expected and appropriate for their members to show.**[81]

OB in Action

The Good and Bad of Anger at Work

Andrew Cornell, CEO of Cornell Iron Works, understands the days of the screaming boss are numbered. He deals with anger toward his employees by holding frequent and brief meetings, "rather than 'waiting until the end, throwing a nuclear bomb and leaving blood all over the wall.'"[82]

Screaming takes other forms too. At work you might receive a hostile e-mail berating you, and copied to your coworkers, in ALL CAPS. Science supports the many people who believe yelling, whether by e-mail or face to face, is inappropriate and counterproductive. You may have been in a group meeting when someone was so angry he or she began to scream and bully another person. Both are unprofessional and uncalled for, and they damage the reputation of the perpetrator.

Costs of Negative Emotions Growing research evidence confirms the suspected undesirable outcomes of negative emotions. For instance, managers need to be careful about generating feelings of shame and/or anger when giving feedback to employees, because these particular emotions have been linked to counterproductive work behaviors such as abuse of others and theft.[83]

Unhappy Customers May Suffer Twice Customers' negative emotional displays, such as verbal aggression, have been shown to negatively affect employee job performance. Specifically, receivers of the aggression made more mistakes recalling and processing the customers' complaints.[84] You may want to think twice before venting on a customer service representative.

What About the Benefits of Anger? Expressing your anger sometimes can actually solve the problem. Your message is communicated, though forcefully, which can lead to better understanding. Displays of anger also are more likely to be beneficial if they are directed at organizational issues and problems instead of at individuals. Being angry at the problem rather than the person is likely to be perceived more constructively and less defensively.[85]

YOUR THOUGHTS?

1. What advice would you give to managers on how to handle their own anger and other negative emotions at work?
2. What advice would you give to managers on how to handle the anger and negative emotions felt (and expressed) by their direct reports?
3. What has been the most productive way for you to deal with your negative emotions?

But what can you do when, as is inevitable, sometimes you feel negative emotions at work? The OB in Action box describes the costs and benefits of displaying anger at work.

Anger isn't the only negative emotion. Table 3.7 provides guidance on a variety of negative emotions and how to deal with them. As you study the table, think of your own experiences and reactions and how the recommendations could have helped you handle them.

When executives get angry, they can get rude. In 2001, unhappy with an investor in a conference call who noted Enron seemed unable to produce its balance sheet, CEO Jeff Skilling said, "Well, thank you very much, we appreciate that, A–hole." Enron later declared bankruptcy in one of the biggest financial scandals at the start of the century. Skilling was convicted on 19 counts of securities and wire fraud in 2006. © Jessica Kourkounis/AP Photo

Carol Bartz, CEO of Yahoo! from 2009 to 2011, told staff that if anyone leaked company secrets, she would "drop-kick" them "to f—ing Mars." Like Skilling's comment, Bartz's statement was widely reported. Bartz was fired, though most likely for business reasons and not for tough talk. © Manu Fernandez/AP Photo

TABLE 3.7 COMMON NEGATIVE EMOTIONS AND HOW TO HANDLE THEM

If You're Feeling . . .	Then You Might Want To . . .
Fearful	Step back and try to see the situation objectively. Ask yourself: "Is my business or career truly at risk?" If not, then you may just be feeling nervous and excited rather than fearful.
Rejected	Do you respect the opinion of the person rejecting you? If the comment came from someone you don't respect, rejection may actually be a backhanded compliment. If you do respect the person, you may want to clarify by asking: "The other day you said _________ and I felt hurt. Can you clarify what happened?"
Angry	Get some distance from the situation to avoid blowing your top in the heat of the moment. Once you calm down, pinpoint the reason you are angry. Most often the reason is that somebody violated a rule or standard that is deeply important to you. Find a way to communicate the importance of the rule or standard to the person so it doesn't happen again.
Frustrated	We can all get frustrated at work when results don't meet our expectations, given the amount of time and energy we've applied. The goal often is achievable, but progress is slow. First, reassess your plan and behavior. Do they need modification? If not, then perhaps you simply need to be patient.
Inadequate	Even those with the highest self-esteem feel they don't measure up at times. Our discussion of self-efficacy and how to build it in Table 3.5 can guide your solution to this emotion.
Stressed	Time constraints are a major source of stress. Too many commitments, too little time. You need to prioritize! Do what is important rather than what is urgent. For example, most e-mail is urgent but not important.

SOURCE: Adapted from G. James, "Feeling Negative? How to Overcome It," *Inc.* November 26, 2012.

What Did I Learn?

You learned that who you are affects performance because individual differences (IDs) play an important and often fundamental role in the way you perform at school, at work, and in other contexts. Many practical applications of this learning will allow you to improve your own performance and work more effectively in any organizational setting, including one where you manage others. Reinforce your learning with the Key Points below. Consolidate your learning using the Organizing Framework. Then challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 3

You learned the following key points.

3.1 THE DIFFERENCES MATTER

- Individual differences (IDs) is a broad category used to describe the vast number of attributes (traits and behaviors) that describe a person.
- It is helpful to think of IDs in terms of their relative stability. Intelligence is relatively fixed, while attitudes and emotions are more flexible and under a person's control.

3.2 INTELLIGENCES: THERE IS MORE TO THE STORY THAN IQ

- Intelligence represents an individual's capacity for constructive thinking, reasoning, and problem solving. It is more than IQ.
- Howard Gardner, in his theory of multiple intelligences, describes eight different intelligences—linguistic, logical, musical, kinesthetic, spatial, interpersonal, intrapersonal, and naturalist.
- Practical intelligence is the ability to solve everyday problems by utilizing knowledge gained from experience in order to purposefully adapt to, shape, and select environments.
- Knowledge of various forms of intelligence is useful for identifying intelligences relevant to particular jobs, which we can use to select, place, and develop individuals accordingly.

3.3 PERSONALITY, OB, AND MY EFFECTIVENESS

- Personality is the combination of stable physical, behavioral, and mental characteristics that give individuals their unique identities.
- A useful way to describe personality is using the Big Five personality profiles. Its dimensions are extroversion, agreeableness, conscientiousness, emotional stability, and openness to experience.
- People with proactive personalities are relatively unconstrained by situational forces and often affect environmental change. Proactive people identify opportunities and act on them, show initiative, take action, and persevere until meaningful change occurs.
- Employers use personality tests to select and place employees. There is no ideal personality, however, and personality testing often has flaws.

3.4 CORE SELF-EVALUATIONS: HOW MY EFFICACY, ESTEEM, LOCUS, AND STABILITY AFFECT MY PERFORMANCE

- Core self-evaluations (CSEs) represent a broad personality trait consisting of four narrow and positive individual traits: (1) self-efficacy, (2) self-esteem, (3) locus of control, and (4) emotional stability.
- Self-efficacy is a person's belief about his or her chances of successfully accomplishing a specific task.
- Self-efficacy beliefs can be improved via experience, behavior models, persuasion from others, and emotional state.

- Managers can realize the practical value of CSEs by selecting employees based on them and then training them to enhance elements of their CSEs.

3.5 THE VALUE OF BEING EMOTIONALLY INTELLIGENT

- Emotional intelligence (EI) is the ability to monitor our own and others' feelings and emotions, to discriminate between them, and to use this information to guide our thinking and actions.
- EI is associated with higher sales and improved retention, as well as leadership emergence, behavior, and effectiveness.
- An individual can develop EI by building personal competence (self-awareness and self-management) and social competence (social awareness and relationship management).

3.6 UNDERSTAND EMOTIONS TO INFLUENCE PERFORMANCE

- Emotions are complex, relatively brief responses aimed at a particular target, such as a person, information, experience, or event.
- Most experiences at and outside work are a mixture of positive and negative emotions, rather than purely one or the other.
- Besides positive and negative, we distinguish emotions in terms of whether they have a future orientation (anxiety) or a past orientation (anger).
- Organizations have emotion display norms, or rules, that dictate which types of emotions are expected and appropriate for their members to show. It therefore is important to learn how to recognize and manage emotions.

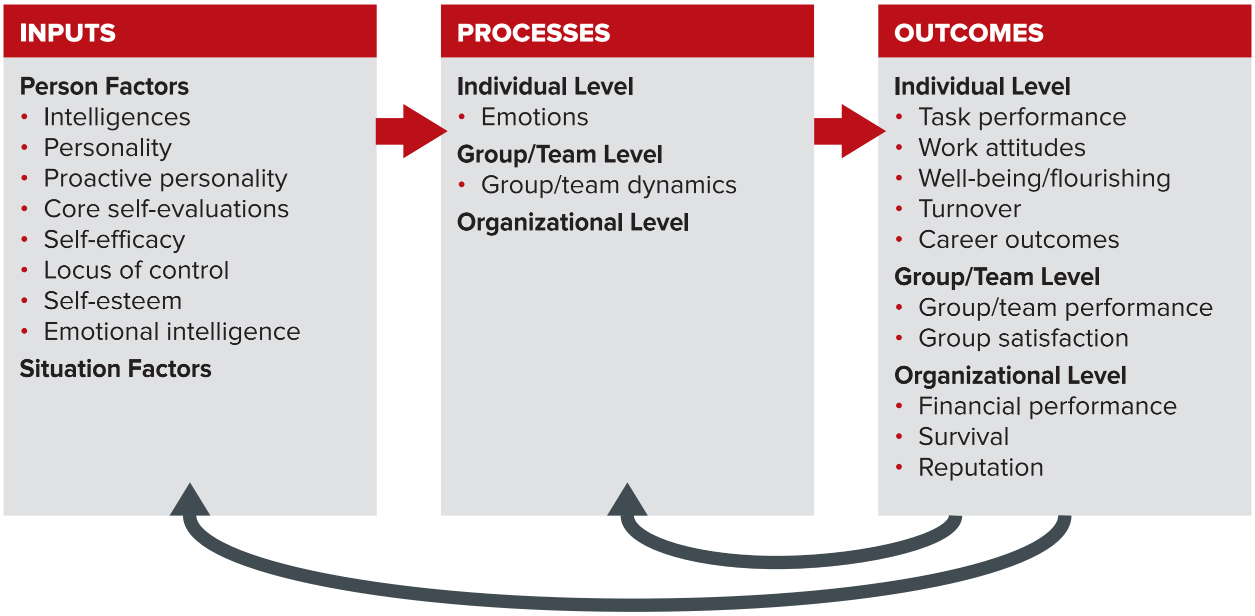
The Organizing Framework for Chapter 3

As shown in Figure 3.6, you learned how individual differences can present themselves through the process of emotions (both felt and expressed) at the individual level, affecting many workplace outcomes at both the individual and group/team levels.

Challenge: Major Questions for Chapter 3

You should now be able to answer the following questions. Unless you can, have you really

FIGURE 3.6 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 3.6, the chapter itself, and your notes to revisit and answer the following major questions:

1. How does understanding the relative stability of individual differences benefit me?
2. How do multiple intelligences affect my performance?
3. How does my personality affect my performance at school and work?
4. How do self-evaluations affect my performance at work?
5. What is emotional intelligence and how does it help me?
6. How can understanding emotions make me more effective at work?

IMPLICATIONS FOR ME

From a practical standpoint, increasing your knowledge of the many individual differences, such as personality, intelligences, CSEs, and EI—what they are, how they operate, and why they matter—will increase your own performance. Use your new knowledge, along with the self-assessments and concepts learned in Chapter 2, to enhance your self-awareness. Then use this knowledge to identify the pros and cons of particular IDs for you at school and work. We also recommend applying your knowledge of the many IDs to create profiles of the managers and leaders where you work (or where you want to work if you're not currently employed). Profiling the "important people" in this way will not only illustrate the concepts you've learned, but it also will serve as a template or prototype of what is valued at a particular employer. In other words, create a profile of what successful people look like. Use this knowledge to highlight those same qualities you possess during job interviews and also to guide your own development. Be sure to include emotional intelligence, because despite mixed research results, we have shown that it can make or break individuals.

IMPLICATIONS FOR MANAGERS

IDs have great practical significance for managers. First, it is useful to explicitly include the individual differences that matter most in job descriptions. This means you are well served to list job responsibilities *and* the employee characteristics you think are most important to be successful in a particular job. Second, use your knowledge of the continuum when selecting and training employees. Realize that you often will want to hire and test for relatively fixed traits (intelligence and personality), because these are not easy to change, and consider training or coaching the others. You should also assess your own emotional intelligence, paying explicit attention to *both* personal and social competence. Don't simply make a summary judgment—"I have high EI," or "My EI is pretty good." Given the potential consequences of low EI, you are wise to put in the effort to learn about and improve both aspects of yours (if needed). After doing this, you will be better prepared to assess the emotional intelligence of those you manage and those you consider hiring. These actions will benefit you, them, other coworkers, and the larger organization.

PROBLEM-SOLVING APPLICATION CASE

Amazon to Competition: We Will Crush You! Amazon to Employees: We Will Churn You!

Amazon is not just a surviving company of the 1990s tech boom; it is now one of the largest and most successful companies in the world in any industry. It has leveraged its game-changing approach to selling books to sell almost everything to almost everybody almost anywhere. Today Amazon is a leader in all things customer service, and it has achieved this leading position through groundbreaking technological innovation. Technological innovation also has made Amazon one of the largest web services companies in the world and much more than an formidable retailer. All these legendary accomplishments are the result of the commitment and contributions of thousands of extremely talented Amazonians. As you would certainly expect, the standards for hiring are exceptionally high. But what it takes to thrive and survive at the company is even more challenging.

IT'S NOT ALL SUNSHINE AND ROSES

While Amazon's accomplishments and future endeavors are widely reported, until recently relatively little was known about its approach to managing employees. But recent reports describe a "punishing corporate environment: long hours, disparaging bosses, high stress, no time or space to recover, all resulting in uncommonly high employee turnover."[86] Just how bad is it? PayScale ranked Amazon 464th among the Fortune 500, with median employee tenure of approximately one year! (A competing estimate puts average tenure at 18 months.)[87]

What pressures drive such high turnover? In a letter to shareholders in 1997, founder and CEO Jeff Bezos wrote: "You can work long, hard, or smart, but at Amazon you can't choose two out of three."[88] This suggests that employees must always be on, be in the game, and play it well. Amazonians experience many of the common pressures of today's workplace—80-plus-hour workweeks, 24/7 connectivity, no real vacations or holidays (no surprise given that Amazon is the largest retailer on the planet).

Amazon's "always on" culture is manifest in a number of chilling stories, such as that of an employee who negotiated a 7 to 4:30 schedule with her boss after having her first child. The problem was that her coworkers didn't see her arrive early and crushed her in anonymous peer feedback (which employees are encouraged to use). Her boss said he couldn't defend her in her performance review if her own coworkers were critical of her. Can it get worse? Yes. Amazon also uses a "rank and yank" performance management system. Employees are ranked by their managers, and those near the bottom are terminated every year. This leaves little room for taking a breath or backing off, even if you have a miscarriage, take care of an ailing parent, or receive treatment for cancer. There are stories of employees in all these predicaments who were essentially told that their lives were incompatible with working at Amazon. It is no wonder one former employee said, "Nearly every person I worked with, I saw cry at their desk."[89] Amazon disputes some of these claims as simply those of disgruntled former employees. And because it has so many, even a small percentage is a big number.

WE CAN MEASURE "THAT" . . . AND "THAT" MATTERS

Another key contributor to the pressure cooker environment is that everything is measured. For instance, warehouse employees are monitored using sophisticated systems to track how many boxes they pack per hour. White-collar employees participate in routine "business review" meetings, for which they need to prepare, read, and absorb 50 to 60 pages of reports amounting to thousands of data points. During these review meetings employees are often quizzed on particular numbers by their managers, and it is not uncommon to hear managers say that responses are "stupid" or tell workers to "just stop it."[90]

To be sure, the company succeeds in large part because of the immense customer data it collects and uses to select and sell its products. The plan is to use data the same way to make performance management an efficient and effective everyday process, rather than a once-a-year event. However, many employees describe the result as "purposeful-Darwinism"[91] in which every employee constantly competes with other employees. Such relentless and pervasive competition, while well intended, has many undesirable consequences. For instance, it is common for employees to hoard ideas and talent, because sharing becomes a personal loss for the sharer and a gain for somebody else. Moreover, other's ideas are not just scrutinized; they are undermined. Groups of employees often conspire against others on the peer feedback system to get ahead (or to put somebody else behind). As for managers, they must both defend the direct reports they deem most valuable to their own performance, and at the same time determine whom they can sacrifice—not everybody can pass the performance test.[92]

AMAZON = BEZOS

Much of the praise and many of the complaints are directed to Jeff Bezos. Not only is he the founder and CEO, but he also is the chief architect of all things Amazon. His personality is embodied in the company values and the way it operates. Like Bezos himself, employees are expected to use data, confront, persevere, and win. This approach appeals to and is sustainable for only a very specific type of employee. One former employee described Amazon's hiring process as "panning for gold."[93] The company is looking for the rare stars who can thrive in its demanding environment, and it must sift through many, many people to find them.

This strategy is a real challenge for Amazon. Its size, growth rate, and turnover require the company to hire thousands and thousands of employees every year, and this doesn't include the thousands of temporary workers it hires to meet the holiday rush. Interviews with male employees in their 40s revealed that many are convinced Amazon will replace them with employees in their 30s, who worry in turn that the company prefers employees in their 20s. The implication? Younger employees have fewer commitments and more energy.[94]

WHAT ARE WE GOING TO DO ABOUT IT?

To combat the churn, Amazon has structured its stock options to vest (transfer to the employee as owner) on an unusual schedule. Instead of vesting evenly over a period of years, Amazon employee options vest at 5 percent in year one, 15 percent in year two, 40 percent in year three, and 40 percent in year four. Employees who leave within one year of hire must repay part of their signing bonus, and if within two years they must repay their relocation package if any. Many experts question the effectiveness of such policies, however. Lindsey Thorne, manager at a Seattle recruiting firm that places many former Amazon employees, says, "The potential payout of waiting for stock to vest won't tie down unhappy employees who are ready to jump ship."[95] Still others question whether Amazon can continue to innovate and lead in the marketplace if its most valuable asset is ground up and discarded in such a way and at such a high rate.[96]

To be fair, surely some percentage of the company's more than 150,000 employees are quite satisfied and successful. The system works for some, and for many it works for some period of time. And the incredibly high bar, marquee name, and extreme work ethic required to get hired at Amazon make former Amazonians very valuable to the company's competitors and many other companies both inside and outside the technology industry.

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcome box of the Organizing Framework in Figure 3.6 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. You need to determine from whose perspective—employee, manager, team, or the organization—you're defining the problem. As in other cases, whether you choose the individual or organizational level in this case can make a difference.

C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework and is shown in Figure 3.1. Causes will tend to appear in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework (Figure 3.1) and determine which person factors, if any, are most likely causes of the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, do particular individual differences employees possess help explain the problem you defined in Step 1? This might lead to the conclusion that the characteristics Amazon uses to select and hire employees contribute to the problem.

B. Follow the same process for the situation factors. For each ask yourself, *Why is this a cause?* For example, Amazon's HR practices likely have some effect on the problem you defined. If you agree, which specific practices and why? Leaders (managers and Bezos) greatly influence employees' experiences at Amazon. Do they cause the problem you defined in Step 1? If yes, then why? By following the process of asking why multiple times you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for guidance.

C. Now consider the Processes box in the Organizing Framework. Are any processes at the individual, group/team, or organizational level potential causes of your defined problem? It certainly seems that their emotions are notable aspects of Amazon employee experiences. Do they help explain the problem defined in Step 1? What about performance management? For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, be sure to map them onto the defined problem.

Step 3: Make recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5)? Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Remember to consider the OB in Action and Applying OB boxes, because these contain insights into what others have done. Details of this case, for instance, describe how Amazon has particular stock vesting practices to help ensure retention. This might be part of the solution, but is it sufficient?

B. Be sure to consider the Organizing Framework—both person and situation factors, as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Companies Shift Smoking Bans to *Smoker* Ban

An increasing number of companies are using smoking as a reason to turn away job applicants. Employers argue that such policies increase worker productivity, reduce health care costs, and encourage healthier lifestyles. They raise the ante on earlier and less effective efforts, such as no-smoking work environments, cessation programs, and higher health care premiums for smokers.

"Tobacco-free hiring" often requires applicants to submit to a urine test for nicotine, and violations by new hires are cause for termination. The shift from "smoke-free" to "smoker-free" workplaces has prompted sharp debate about employers intruding into employees' private lives and regulating legal behaviors.

Some state courts have upheld the legality of refusing to employ smokers. For example, hospitals in Florida, Georgia, Massachusetts, Missouri, Ohio, Pennsylvania, Tennessee, and Texas, among others, stopped hiring smokers. Some justified the new policies as ways to reduce health care costs and to advance their institutional missions of promoting personal well-being.

Supporters of these policies note that smoking continues to be the leading cause of preventable death. About 17 percent of U.S. adults still smoke,[97] and smokers cost approximately $5,800 per person per year in lost productivity and additional health care expenses.[98] Moreover, smokers are not recognized as a protected class, which means they typically are not covered by anti-discrimination laws. Opponents argue that such policies are a slippery slope. Some say that, legality aside, implementing anti-smoker policies is in principle the same as discriminating on the basis of gender, race, or disease (alcoholism). Furthermore, successful nonsmoker policies may lead to limits on other legal employee behaviors, like drinking alcohol, eating fast food, and participating in dangerous sports.

Many companies add their own wrinkle to the smoking ban and even forbid nicotine patches and other forms of tobacco consumption. And while most companies apply the rules only to new employees, grandfathering existing employees, a few have eventually mandated that existing employees must quit smoking or lose their jobs.

Managing Emotions While Managing a Smoking Problem

1. Legality aside, do you agree in principle that forbidding smokers is discriminatory? Explain.
2. Assume you are the employee representative on the executive board at your company. You know the vice president of human resources plans to propose a smoker ban to begin June 1 for all new hires and the following January for all existing employees. However, you've been asked to keep the plans quiet. What would you do and why?
3. Now assume you have permission to share the information. You know employees' responses are likely to be emotional (some positive and some negative). How would you present the information to them?
4. More generally, under what circumstances do companies have the right to consider and ban legal employee behaviors during the hiring process, as many are doing now with tobacco consumption? Explain.
5. What is your position regarding policy changes (like a smoker ban) and applying them to existing employees who were hired under different guidelines? Explain your position.

4 SOCIAL PERCEPTION AND MANAGING DIVERSITY

Why Are These Topics Essential for Success?

Major Topics I'll Learn and Questions I Should Be Able to Answer

4.1 Person Perception
MAJOR QUESTION: ***How do I form perceptions of others?***

4.2 Stereotypes
MAJOR QUESTION: ***How can I use awareness of stereotypes to make better decisions and manage more effectively?***

4.3 Causal Attributions
MAJOR QUESTION: ***How do I tend to interpret employee performance?***

4.4 Defining and Managing Diversity
MAJOR QUESTION: ***How does awareness about the layers of diversity help organizations effectively manage diversity?***

4.5 Building the Business Case for Managing Diversity
MAJOR QUESTION: ***What is the business rationale for managing diversity?***

4.6 Barriers and Challenges to Managing Diversity
MAJOR QUESTION: ***What are the most common barriers to implementing successful diversity programs?***

4.7 Organizational Practices Used to Effectively Manage Diversity
MAJOR QUESTION: ***What are organizations doing to effectively manage diversity, and what works best?***

The Organizing Framework shown in Figure 4.1 summarizes the key concepts discussed in Chapter 4. We discuss the impact of three important person factors—diversity, demographics, and stereotypes, and the situation factor of diversity climate on a host of processes at the individual, group/team, and organizational levels. These person and situation factors affect the individual level processes pertaining to perception, attributions, and psychological safety. They also influence processes at the group/team and organizational levels. One of the biggest takeaways from this chapter is the fact that the combination of inputs and processes shown in Figure 4.1 have a broad effect on individual, group/team, and organizational level outcomes. Try to observe how the inputs and processes affect individual level outcomes such as task performance, work attitudes, well-being flourishing, turnover, and career outcomes such as promotions. At the same time, you should learn that concepts discussed in this chapter also effect group/team level outcomes of performance and satisfaction as well as organizational outcomes like being an employer of choice, customer satisfaction, and reputation.

FIGURE 4.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Diversity
- Demographics
- Stereotypes

Situation Factors
- Diversity climate

PROCESSES

Individual Level
- Perceptions
- Attributions
- Psychological safety

Group/Team Level
- Group/team dynamics

Organizational Level
- Options to manage diversity

OUTCOMES

Individual Level
- Task performance
- Work attitudes
- Well-being/flourishing
- Turnover
- Career outcomes

Group/Team Level
- Group/team performance
- Group satisfaction

Organizational Level
- Employer of choice
- Customer satisfaction
- Reputation

This team of medical professionals is totally focused on saving the patient's life. Success in this effort requires coordination among a diverse set of people, and this is not always an easy task. Research and anecdotal evidence reveals that diversity can promote greater performance once people learn how to effectively work with people different from themselves. This takes acceptance, appreciation, and positive attitudes towards diverse people. This chapter helps you understand how companies are attempting to manage diversity and identifies obstacles that must be overcome.

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Winning at Work

Perception Plays a Key Role in Getting a Job

More recruiters than ever are using social media to find good employees. A recent US survey of 1,400 recruiters by Jobvite revealed that 96 percent planned to use social media as part of the recruiting process. Results also showed that 58 percent viewed social and professional networks as great sources for finding the "best" candidates.[1] This belief is driven partly by the expectation that competition will increase for high-quality employees like yourself.

The experience of Jeff Winter, Thumbtack Inc. director of technical recruiting, is a good example. He told *The Wall Street Journal* that it has been getting harder "to close the deal. Offer acceptance rates have fallen about 5 percentage points from last year [2015], and more candidates tell him they're talking with behemoths like Google Inc., attracted to the security that established companies can offer."[2]

Perceptions Start with Social Media Posts

Although the Internet is a gold mine of information for recruiters, a poorly managed online image can hurt your chances of finding a job. Photos of drunken behavior, rants with foul language, and posts critical of your current employer will damage any recruiter's perception of you. You need to be careful about your online presence because 87 percent, 55 percent, and 47 percent of Jobvite's recruiter sample used LinkedIn, Facebook, and Twitter, respectively, to help screen employees.[3]

Consider the experience of Pete Maulik, chief strategy officer at Fahrenheit 212. Maulik was ready to make an offer to an applicant, but after checking out the man's LinkedIn profile he decided the applicant was not a team player. "He took credit for everything short of splitting the atom," Maulik said. "Everything was 'I did this.' He seemed like a lone wolf. He did everything himself."

Maulik recalls another seemingly good applicant who used his Twitter account "to disparage just about every new innovation in the marketplace." Maulik concluded the applicant "was much more comfortable as the critic than the collaborative creator."[4] This candidate was not hired either.

Recommended Tips

The following suggestions can help you manage the impression you are projecting based on the information you post on social media.

Do's

- Be aware of each platform's policies and procedures because they tend to vary.
- Focus on the quality of your posts rather than the quantity.
- Use Twitter and LinkedIn to play up your professional interests (like sharing relevant news articles).
- Cross-check your résumé and LinkedIn profile to make sure there are no discrepancies.
- Share information about your volunteer activities and work with professional associations.
- Make sure there are no typos or grammatical errors in your materials.
- Remember to continuously update your profiles.

Don'ts

- Don't bad-mouth a current or former employer, colleague, or company.
- Avoid foul language and negative remarks.
- Don't post when you are impaired, or even when you are overly tired or emotional.
- Don't post anything that might be perceived as racist, biased, sexually oriented, or illegal.[5]

What's Ahead in This Chapter

We want to help you enhance your understanding of the perceptual process so you won't fall victim to common perceptual errors—yours or other people's. This chapter will show you, for instance, how perception influences the way managers manage diversity. Diversity should matter to you because the way a business deals with diversity affects the way you are perceived as an individual. Diversity matters to your organization too, because it allows you to take advantage of the fullest range of human skill and talent. We also discuss barriers and challenges to managing diversity, and the practices organizations use to overcome them.

4.1 PERSON PERCEPTION

MAJOR QUESTION

How do I form perceptions of others?

THE BIGGER PICTURE

Understanding person perception will help you see how perception affects a variety of important processes and outcomes within the Organizing Framework for Understanding and Applying OB. It can also assist in managing the perceptions people form about you.

Imagine you are driving on a winding mountain road at dusk and suddenly see something in the road. Is it an animal, a rock, or a person? Should you stop or just maneuver around it? Suppose you're in a team meeting and one of your teammates makes a negative statement about your work. Is the person being political or just having a bad day? Your mind is trying to quickly answer these questions before you respond.

Perception is key to resolving the above questions. ***Perception*** **is a cognitive process that enables us to interpret and understand our surroundings.** Recognition of objects is one of this process's major functions. But because organizational behavior's (OB's) principal focus is on people, our discussion will emphasize *person* perception rather than object perception.

Perception is important to OB because behavior is based on our perception of reality, not on reality itself. Our exploration of this important process begins by considering a model of person perception. The model provides a practical framework for understanding how we form perceptions of others. We then consider the managerial implications of person perception.

Oprah Winfrey is not only following the Weight Watchers' Plan, but she also purchased a 10 percent stake in the company and joined its board. She has filmed a company commercial and is actively involved with marketing and program issues. The company hopes that her star power can help reverse the company's financial decline. Do you think more people will join Weight Watchers because of Winfrey's involvement?
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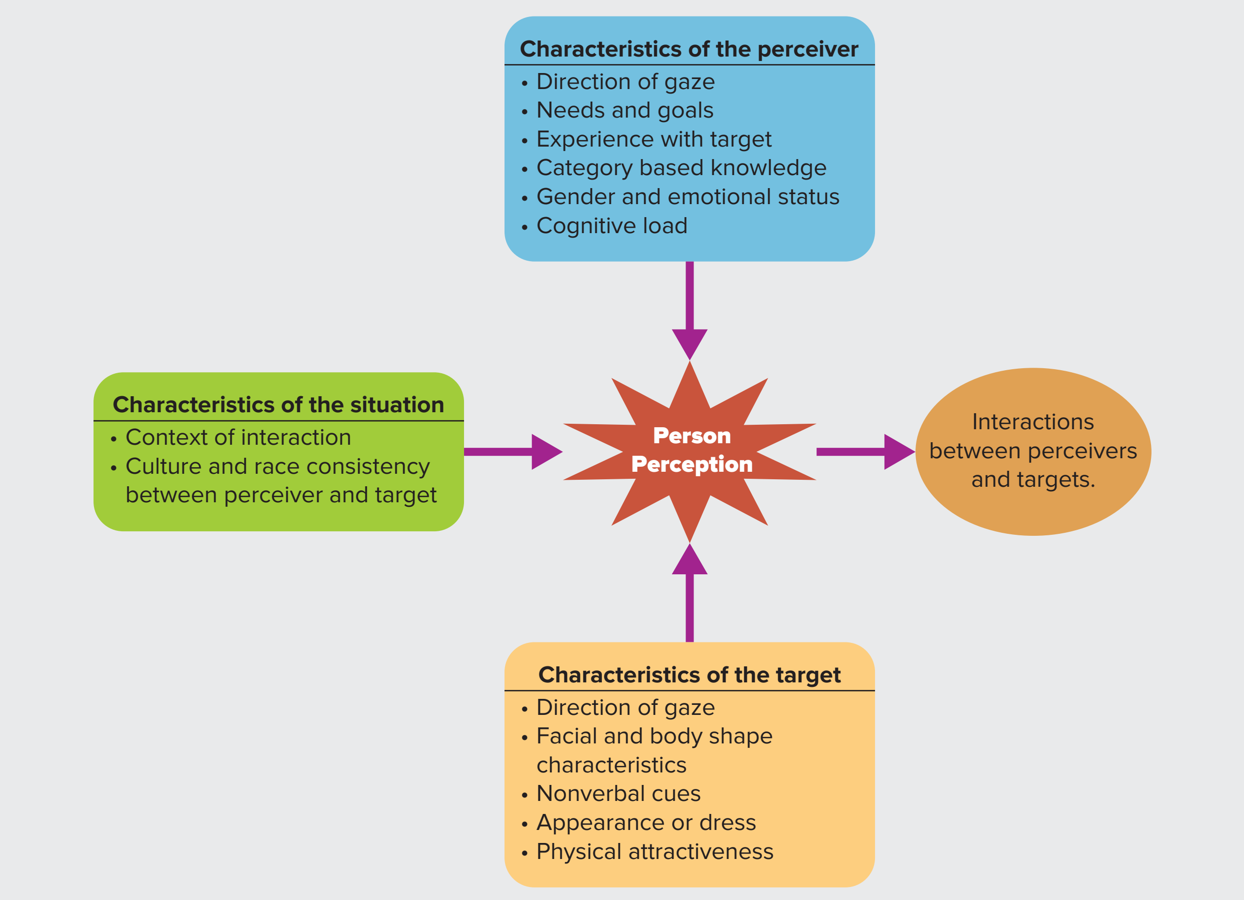
A Model of Person Perception

Figure 4.1 showed that perception is an important *process* in the Organizing Framework for Understanding and Applying OB because it affects our actions and decisions. Consider dieting. Weight Watchers International Inc. has stopped using the word *diet* in its advertising because of the word's negative perception. Company CEO James Chambers noted that people "aren't thinking of diet and deprivation as the path they want to take; they're thinking much more holistically."[6] The 52-year-old company re-branded its weight-loss program around the slogan "Beyond the Scale." Weight Watchers clearly is trying to use the perception process to increase sales.

Perception is influenced by three key components: the characteristics of the *perceiver,* of the

FIGURE 4.2 A MODEL OF PERSON PERCEPTION



target—the person or group being observed—and of the *situation* (see Figure 4.2).[7] Let's take a closer look at how these components work.

Characteristics of the Perceiver Figure 4.2 shows six key perceiver characteristics that affect our perceptions of others.[8] As you read, consider how they might have influenced your perceptions in the past.

- **Direction of gaze.** Gaze is the first step in the perception process because it focuses your attention and tells the brain what you think is important in the immediate environment. When scanning people, we also tend to pay attention to others who are gazing at us. We usually remember people when we make direct eye contact with them.
- **Needs and goals.** We are more likely to perceive whatever is related to our goals and needs. For example, we perceive examples of food if we are hungry. If we are looking for a friend at a party, we scan the room for familiar faces and fail to perceive strangers.
- **Experience with target.** Our perception of a target is influenced by our past experience with him or her. You might perceive someone's firm handshake negatively, for instance, if you know this person has attempted to exert power and control over you in the past. The same handshake is positive if you remember the target as a friendly, caring person.
- **Category-based knowledge.** Category-based knowledge consists of perceptions, including stereotypes, that we have stored in memory about various categories of people (professors, singers, artists, police, politicians, and so on). We use this information to interpret what we see and hear. For instance, if you believe professors in general are intelligent, you are more likely to perceive that those teaching your current courses are intelligent. If your memory tells you that people who lie cannot

be trusted, you are likely to perceive a politician as untrustworthy who is caught in a lie. We discuss stereotypes in the next section.

- **Gender and emotional status.** Women recognize emotions more accurately than men, and both men and women are more likely to recognize a target's emotions when they are consistent with their own. Experiencing negative emotions such as anger and frustration is likely to make your perceptions more negative. The opposite is true for positive emotions such as optimism and love.
- **Cognitive load.** Cognitive load represents the amount of activity going on in your brain. If you are tired and distracted after working a long day, your perceptions are more likely to be distorted and susceptible to stereotypical judgments.

Characteristics of the Target Figure 4.2 identifies five important characteristics of the target that affect our person perception.[9] The characteristics are:

- **Direction of gaze.** We form different perceptions of people based on whether they are looking at us while conversing. Direct eye contact suggests interest, whereas eyes darting across a room suggests the opposite.
- **Facial features and body shape.** We often use faces as markers for gender, race, and age, but face and body characteristics can lead us to fall back on cultural stereotypes. For example, height has been associated with perceptions of prosperity—high income—and occupational success. Excess weight can be stereotypically associated with negative traits such as laziness, incompetence, and lack of discipline.
- **Nonverbal cues.** Communication experts tell us that nonverbal actions are highly influential in perception. Gestures, touching, facial expressions, eye contact, and body movements like slouching all convey messages. You might perceive that someone is defensive if you observe folded arms, a facial scowl, or crossed legs. In many cultures appropriate touching conveys an impression of warmth and caring.
- **Appearance or dress.** We all are susceptible to being influenced by appearance. We may conclude someone who shows up for work in dirty, tattered clothes is lazy or uncaring. A recent experimental study showed that people performed better in mock negotiations when they wore business suits and dress shoes.[10]
- **Physical attractiveness.** While attractiveness is culturally determined, the beauty-is-good stereotype leads us to perceive attractive people positively. High attractiveness has been associated with better job opportunities, higher performance ratings, and the potential for increased earnings. One team of researchers concluded, "The effects of facial attractiveness are robust and . . . attractiveness is a significant advantage for both children and adults in almost every domain of judgment, treatment, and behavior."[11]

Characteristics of the Situation Figure 4.2 shows two key situational characteristics that affect perception: the context of the interaction, and the culture and race consistency between perceivers and targets.

- **Context of interaction.** Perceptions are affected by the social context in which the interaction occurs. For example, your parent will likely perceive your eating food from the kitchen when you visit home differently than will a coworker whose food you take from the office refrigerator. Texting someone while eating dinner with friends is perceived differently than texting during a business meeting. Context matters!
- **Culture and race consistency.** We more accurately recognize emotions displayed by people from our own culture or from other familiar cultures. We also better understand and remember facial expressions displayed by people from our own race. For instance, both authors do consulting around the world, and we find it harder to accurately perceive group dynamics in foreign than in US companies. Angelo recalls telling a joke to a group of Finnish managers. No one laughed or made any facial expressions, and he thought the joke had bombed until someone told him at a break that he was really funny. What a perceptual surprise! The OB in Action box highlights how differently apologies are viewed in the United States and Japan.

OB in Action

How Perception of Apologies Differs in the United States and Japan

The frequency and meaning of apologies like "I'm sorry" vary around the world. For example, a study revealed that US students apologized 4.51 times a week, while Japanese students used some type of apology 11.05 times a week. The findings highlight the importance of social perception.[12]

What Does an Apology Mean? A team of researchers concluded "Americans see an apology as an admission of wrongdoing, whereas Japanese see it as an expression of eagerness to repair a damaged relationship, with no culpability necessarily implied." US students' response is also consistent with the "psychological tendency among Westerners to attribute events to individuals' actions."[13] In contrast, Japanese students apologized even when they were not responsible. This response is partly due to the fact that Asian countries hold more collective or group-oriented values that focus on doing things for the greater good over self-interests.

Never Apologize, Never Explain An old John Ford film, *She Wore a Yellow Ribbon,* followed a cavalry brigade posted in the US West in the 1800s; it popularized a strand of US individualism in a phrase you may still hear today. John Wayne's character says, "Never apologize and never explain. It's a sign of weakness." But apologies do have a role in US business.

The Business Impact of Apologies Apologizing can acknowledge wrongs, and it can save money. A study of medical malpractice suits revealed that 16 percent of plaintiffs would not have sued had the hospital offered an apology. The University of Michigan Medical Center put these results into practice and "adopted a policy of 'full disclosure for medical errors,' including an apology; its rate of lawsuits has since dropped 65 percent."[14]

"Apologizing by admitting a mistake—to coworkers, employees, customers, clients, the public at large—tends to gain credibility and generate confidence in one's leadership," says Linda Stamato of the Center for Negotiation and Conflict Resolution.[15]

It's important when apologizing to convey remorse and to choose the right words. Consider the apology made by Mary Barra, CEO of General Motors, to the US Congress while it was investigating the company's ignition-switch recall. "Today's GM will do the right thing," Barra said. "That begins with my sincere apologies to . . . the families and friends [of those] who lost their lives or were injured. I am deeply sorry."[16] GM ultimately agreed to pay a $900 million settlement to end criminal investigations.[17]

When a company such as GM has committed a wrong, a simple apology is not enough. The apology should be followed by tangible actions aimed at correcting the situation. GM did this by conducting an internal review, restructuring the engineering and quality departments, and placing two engineers on leave.[18]

YOUR THOUGHTS?

1. Do you think it pays to apologize in a business setting even if you did not do something wrong? Explain.
2. What is your opinion about hospitals apologizing for medical errors?
3. What are some right ways and wrong ways to apologize in business settings?

Managerial Implications of Person Perception

Person perception is the window through which we all observe, interpret, and prepare our responses to people and events. It affects a wide variety of managerial activities, organizational processes, and quality-of-life issues. We'll touch on hiring, performance appraisal, and leadership.

Do you think that this woman may have any implicit cognitions that are affecting her dinner selection? Because she is drinking white wine, maybe this choice already activated a preference for fish or chicken. Do implicit cognitions affect your choices when dining out?

Hiring Interviewers make hiring decisions based on their impression of how an applicant fits the perceived requirements of a job. Unfortunately, many of these decisions are made on the basis of implicit cognition. ***Implicit cognition*** **represents any thoughts or beliefs that are automatically activated from memory without our conscious awareness.** The existence of implicit cognition leads people to make biased decisions without realizing they are doing so.[19] A recent study of job applicants' résumés, for instance, demonstrated that recruiters evaluated women more favorably than men for customer service jobs, probably based on gender-role stereotypes.[20]

Experts recommend three solutions for reducing the biasing effect of implicit cognition. First, managers can be trained to understand and recognize this type of hidden bias. Second, they can use structured rather than unstructured interviews. Interviewers ask the same sequence of questions to all applicants in a structured interview, which leads to more reliable evaluations. Finally, managers can rely on evaluations from multiple interviewers rather than just one or two people. More companies now are using virtual interviews as a tool for reducing problems associated with implicit cognition (see the OB in Action box).

Performance Appraisal Faulty perceptions about performance can lead to inaccurate performance appraisals, which erode morale. Consider the results of a recent study of commanding officers in the US military.

The research looked at 193 commanding officers who were assigned legal advisers. The advisers were all professionals with a law degree, and the commanding officers were responsible for conducting their performance evaluations. On average, female advisers received lower performance ratings than males as their pay grade approached that of the boss. Male advisers did not have this experience.[21] The only good news from the study is that this form of bias occurred only when evaluators had high social dominance orientation, a personal characteristic in which someone prefers to dominate other groups of people, in this case women.[22]

Perceptual biases in performance appraisals can be reduced by the use of more objective measures of performance. While this is a good idea, it is hard to implement for jobs that require interdependent work, mental work, or work that does not produce objective outcomes.

Companies can also reduce bias by providing managers a mechanism for accurately recalling employee behavior, such as a performance diary. Finally, it would be useful to train managers about perceptual biases and about how they can avoid them in performance evaluations.[23]

OB in Action

Virtual Interviews Can Improve the Accuracy of Job Interviews and Reduce Costs

Recruiters are increasingly using one of three types of virtual interviews as part of the hiring process.[24] The first type relies on video software to make a one-way recording of an applicant answering questions. Ocean Spray, a cranberry-growing cooperative in Massachusetts, sends applicants an e-mail link that contains preset interview questions. The answers are recorded via webcam.

The second type is a two-way, real-time virtual interview, often using Skype. The last type is an audio-only virtual interview, often used for evaluating candidates for customer-service jobs performed over the phone.

Benefits of Virtual Interviews Standardization drives several benefits of virtual interviews.

Consistency. Video-enabled interviews standardize the process, which leads to more reliable evaluations. For example, Walmart uses video interviews to obtain a better idea of how candidate pharmacists will interact with customers. T.G.I. Friday's restaurant selects restaurant managers through video interviews for the same reason.

Collaboration. Whether they are recorded or live, video interviews can encourage collaboration among those making hiring decisions. And experts suggest more input leads to better candidate selection.

Saving Time and Money. Ocean Spray was spending an average of $1,000 per candidate for in-person interviews. Martin Mitchell, the company's manager of talent and diversity, said, "Video interviews eliminated these costs" and allowed the company to interview applicants more quickly, and without forcing them to take time off work to travel for an interview.[25]

YOUR THOUGHTS?

1. The above discussion focuses on the positive aspects of video interviews; are there negative aspects of this strategy? If so, what are they?
2. How would you prepare for a video interview?
3. If you were relying on videos to select candidates for a job, what would you look for?

Leadership Research demonstrates that employees' evaluations of leader effectiveness are influenced strongly by their categorical knowledge of what constitutes good and poor leaders. For example, a team of researchers found that the following behaviors are representative of effective leadership:

1. Assigning specific tasks to group members.
2. Telling others they have done well.
3. Setting specific goals for the group.
4. Letting other group members make decisions.
5. Trying to get the group to work as a team.
6. Maintaining definite standards of performance.[26]

4.2 STEREOTYPES

MAJOR QUESTION

How can I use awareness of stereotypes to make better decisions and manage more effectively?

THE BIGGER PICTURE

Don't say you don't use stereotypes; they help us process information faster and thus are part of the way we humans think. But stereotypes can also lead to bad decisions and undermine personal relationships. Being aware of them can save you from such pitfalls.

"A ***stereotype*** **is an individual's set of beliefs about the characteristics or attributes of a group.**"[27] We need to recognize how stereotypes affect our perception because we use them without intending to or even being consciously aware that we are.[28]

Stereotypes are not always negative. For example, the belief that engineers are good at math is certainly part of a stereotype and is positive. Stereotypes also may or may not be accurate. Engineers may in fact be better at math than the general population.

Unfortunately, stereotypes can lead to poor decisions. Consider people diagnosed with cancer, about 40 percent of men and women living in the United States.[29] A recent study of the retail industry showed that managers made discriminatory decisions about individuals whose job applications indicated they were cancer survivors.[30] All told, stereotypes can create barriers for women, older individuals, people of color, and people with disabilities, all while undermining loyalty and job satisfaction. Let's look at examples.

Gender. A summary of research revealed that:

- Men were preferred for male-dominated jobs (e.g., firefighters), but there was no preference for either gender in female-dominated jobs (e.g., nurse).
- Women have a harder time than men in being perceived as effective leaders. (The exception: Women were seen as more effective when the organization faced a crisis and needed a turnaround.)
- Women of color are more negatively affected by sex-role stereotypes than are white women or men in general.[31]

Race. Studies of race-based stereotypes demonstrated that people of color experienced more perceived discrimination and less psychological support than whites.[32] Perceived racial discrimination was also associated with more negative work attitudes, physical health, psychological health, and organizational citizenship behavior.[33]

Age. Another example of an inaccurate stereotype is the belief that older workers are less motivated, more resistant to change, less trusting, less healthy, and more likely to have problems with work–life balance. A recent study refuted all these negative beliefs about age.[34]

Stereotype Formation and Maintenance

We build stereotypes through a four-step process:

1. **Categorization.** We categorize people into groups according to criteria (such as gender, age, race, and occupation).
2. **Inferences.** Next, we infer that all people within a particular category possess the same traits or characteristics: women are nurturing, older people have more job-related accidents, African Americans are good athletes.

3. **Expectations.** We form expectations of others and interpret their behavior according to our stereotypes.
4. **Maintenance.** We maintain stereotypes by:
   - Overestimating the frequency of stereotypic behaviors exhibited by others.
   - Incorrectly explaining expected and unexpected behaviors.
   - Differentiating minority individuals from ourselves.

Research shows that it takes accurate information and motivation to reduce the use of stereotypes.[35]

Managerial Challenges and Recommendations

The key managerial challenge is to reduce the extent to which stereotypes influence decision making and interpersonal processes throughout the organization. We suggest three ways that this can be achieved.

1. **Managers should educate people about stereotypes and how they can influence our behavior and decision making.** Many people may not understand how stereotypes unconsciously affect their perception. For example, people evaluating symphony orchestra musicians for jobs were found to be biased toward men. This unconscious tendency was reduced by using a curtain to block the evaluation committee from seeing applicants. Significantly more females were hired under this unbiased approach.[36]
2. **Managers should create opportunities for diverse employees to meet and work together in cooperative groups of equal status.** Social scientists believe positive interpersonal contact among mixed groups is the best way to reduce stereotypes because it provides people with more accurate data about the characteristics of others.
3. **Managers should encourage all employees to increase their awareness of stereotypes.** Awareness helps reduce the application of stereotypes when making decisions and interacting with others.

What stands out in this photo? Did you notice the man working from a wheelchair? Do you think some people have negative stereotypes about those with disabilities? Research shows many people do. © Pixtal/agefotostock RF

4.3 CAUSAL ATTRIBUTIONS

MAJOR QUESTION

How do I tend to interpret employee performance?

THE BIGGER PICTURE

Consciously or unconsciously, you use *causal attributions* when you seek to explain the causes of behavior. So do most managers. You can avoid the *fundamental attribution bias* and *self-serving bias* if you learn how they distort our interpretation of observed behavior.

Attribution theory is based on a simple premise: Rightly or wrongly, people infer causes for their own and others' behavior. Formally defined, ***causal attributions*** **are suspected or inferred causes of behavior.** Managers need to understand how people formulate these attributions because they profoundly affect organizational behavior. Consider Table 4.1, in which the manager's understanding of observed behavior leads to very different actions.

Kelley's Model of Attribution

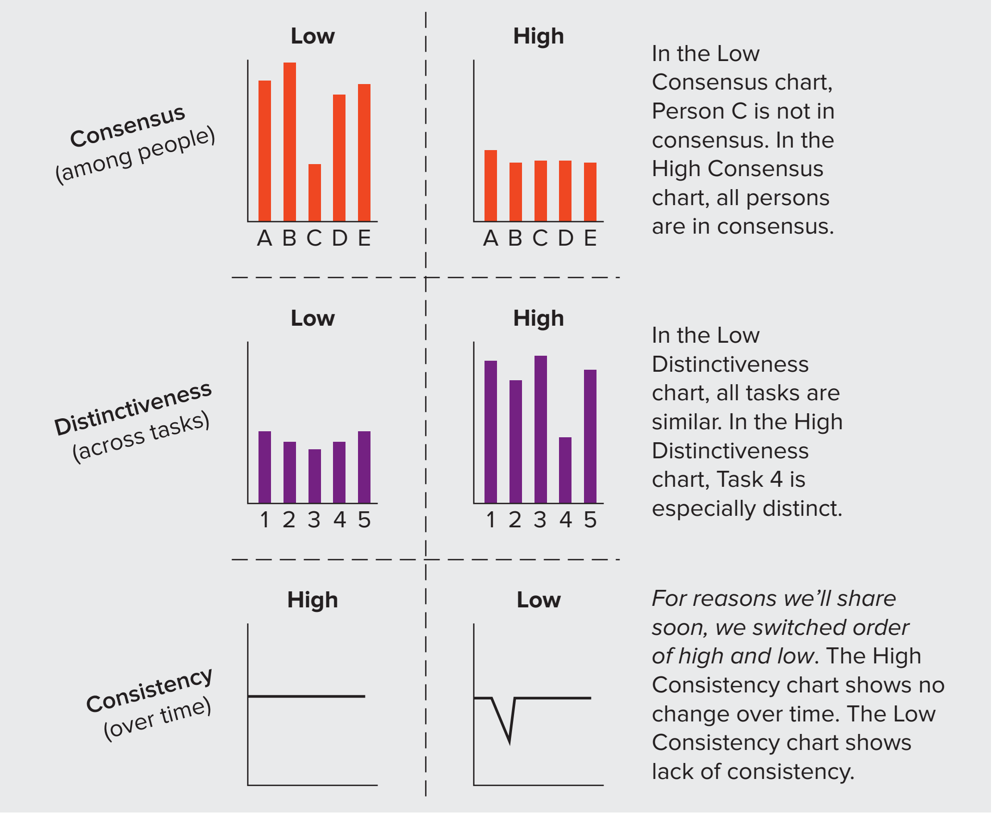
Current models of attribution build on the pioneering work of the late Fritz Heider. Heider, the founder of attribution theory, proposed that **behavior can be attributed either to *internal factors* within a person (such as ability) or to *external factors* within the environment (such as a difficult task).** Following Heider's work, Harold Kelley attempted to pinpoint some specific antecedents of internal and external attributions. Kelley hypothesized that people make causal attributions by observing three dimensions of behavior: *consensus*, *distinctiveness*, and *consistency*.[37] These dimensions vary independently, forming various combinations and leading to differing attributions.

- ***Consensus*** **compares an individual's behavior with that of his or her peers.** There is high consensus when someone acts like the rest of the group and low consensus when he or she acts differently.
- ***Distinctiveness*** **compares a person's behavior on one task with his or her behavior on other tasks.** High distinctiveness means the individual has performed the task in a significantly different manner than he or she has performed other tasks.
- ***Consistency*** **judges whether the individual's performance on a given task is consistent over time.** Low consistency is undesirable for obvious reasons and implies that a person is unable to perform a certain task at some standard level. High consistency implies that a person performs a certain task the same way, with little or no variation over time.

TABLE 4.1 THE LINK BETWEEN ATTRIBUTIONS AND MANAGERIAL ACTIONS

Observed Behavior	Manager's Attribution	Managerial Action
Employee fails to meet minimum standards	Lack of effort	Reprimand
Employee fails to meet minimum standards	Lack of ability	Training

FIGURE 4.3 SAMPLE CHARTS OF CONSENSUS, DISTINCTIVENESS, AND CONSISTENCY IN PERFORMANCE



SOURCE: K. A. Brown, "Explaining Group Poor Performance: An Attributional Analysis," *Academy of Management Review,* January 1984, p. 56.

Figure 4.3 provides sample charts of these dimensions in both low and high incidence.

How do these three dimensions of behavior lead to specific attributions? Kelley theorized that people attribute behavior to either *internal* causes (personal factors) or *external* causes (environmental factors) depending on the way they rank consensus, distinctiveness, and consistency as shown in Table 4.2:

EXAMPLE You would make an internal attribution to Mary if she displayed extraordinary performance relative to her peers and this level of performance was typical for Mary over the past year. In contrast, you would arrive at an external attribution if Mary's performance was similar to her peers, but the performance on the task you observed was lower than usual for Mary over the past year.

While other combinations are possible, the two options shown below have been most frequently studied. **Note:** For another view of Kelley's theory, return to Figure 4.3. In the figure, we provided charts that, taken together, indicate internal attributions on the left-hand side and external attributions on the right-hand side.

TABLE 4.2 FORMATION OF INTERNAL AND EXTERNAL ATTRIBUTIONS

Attribution	Consensus (People)	Distinctiveness (Tasks)	Consistency (Time)
Internal	Low	Low	High
External	High	High	Low

TAKE-AWAY APPLICATION

Applying Kelley's Model

1. Think of someone who recently disappointed you. It could be work-related (a peer did not complete part of a group assignment) or personal (a friend failed to remember your birthday).
2. Use Kelley's model to identify whether the unexpected behavior was due to internal or external causes.
3. Based on this attribution, what should you say or do to ensure that this type of behavior does not happen again?

Attributional Tendencies

Researchers have uncovered two attributional tendencies that distort our interpretation of observed behavior—*fundamental attribution bias* and *self-serving bias.*

Fundamental Attribution Bias

The *fundamental attribution bias* reflects our tendency to attribute another person's behavior to his or her personal characteristics, rather than to situation factors. This bias causes perceivers to ignore important environmental factors (again refer to the Organizing Framework), which often significantly affect behavior. Such bias leads to inaccurate assessments of performance, which in turn fosters inappropriate responses to poor performance.

Self-Serving Bias

The *self-serving bias* represents our tendency to take more personal responsibility for success than for failure. The self-serving bias suggests employees will attribute their success to internal factors (high ability or hard work) and their failures to uncontrollable external factors (tough job, bad luck, uncooperative coworkers or boss). This tendency plays out in all aspects of life.

Managerial Applications and Implications

Attribution models can explain how managers handle poorly performing employees. One study revealed that managers gave employees more immediate, frequent, and negative feedback when they attributed their performance to low effort. Another indicates that managers tended to transfer employees whose poor performance they attributed to a lack of ability. These same managers also decided to take no immediate action when poor performance was attributed to external factors beyond an individual's control.[38]

These observations offer useful lessons for all of us:

- **We tend to disproportionately attribute behavior to internal causes.** This bias can result in inaccurate evaluations of performance, leading to reduced employee motivation. The Organizing Framework for Understanding and Applying OB offers a simple solution for overcoming this tendency. You must remind yourself that behavior and performance are functions of both person and situation factors.
- **Other attributional biases may lead managers to take inappropriate actions.** Such actions could include promotions, transfers, layoffs, and so forth. Inappropriate responses can dampen motivation and performance.
- **An employee's attributions for his or her own performance have dramatic effects on motivation, performance, and personal attitudes such as self-esteem.** For instance, people tend to give up, lower their expectations of future success, and experience decreased self-esteem when they attribute failure to lack of ability. Employees are more likely to display high performance and job satisfaction when they attribute success to internal factors such as ability and effort.[39]

4.4 DEFINING AND MANAGING DIVERSITY

MAJOR QUESTION

How does awareness about the layers of diversity help organizations effectively manage diversity?

THE BIGGER PICTURE

Like seashells on a beach, people come in a variety of shapes, sizes, and colors. All of us need to be aware of the different layers of diversity and to know the difference between affirmative action and diversity management.

Do you have any preconceived notions about diversity that are worth considering? Let's take a reality check:

- **Assumption: Gender diversity on boards of directors does not affect firm performance.** Wrong, says a team of researchers who aggregated results from 140 research studies. Findings showed that firms were more profitable when women were members of the board of directors.[40]
- **Assumption: Organizations had a hard time finding qualified employees during the 2014–2015 slow-growth economy.** Yes, according to 2015 data from Indeed.com, the top employment-related website in the world. It seems that 56 percent of all job openings remained open after one month, and 33 percent were still active after three months. All told, Indeed.com estimated in 2015 that "over 330 million working hours are lost every month in the United States from unfilled job openings." The most difficult jobs to fill across all industries were managerial and supervisory.[41]
- **Assumption: Whites will constitute the majority among US racial groups through 2050.** No, according to the US Census Bureau. Today whites represent 63 percent of the population, but that will drop below 50 percent in 2043.[42]

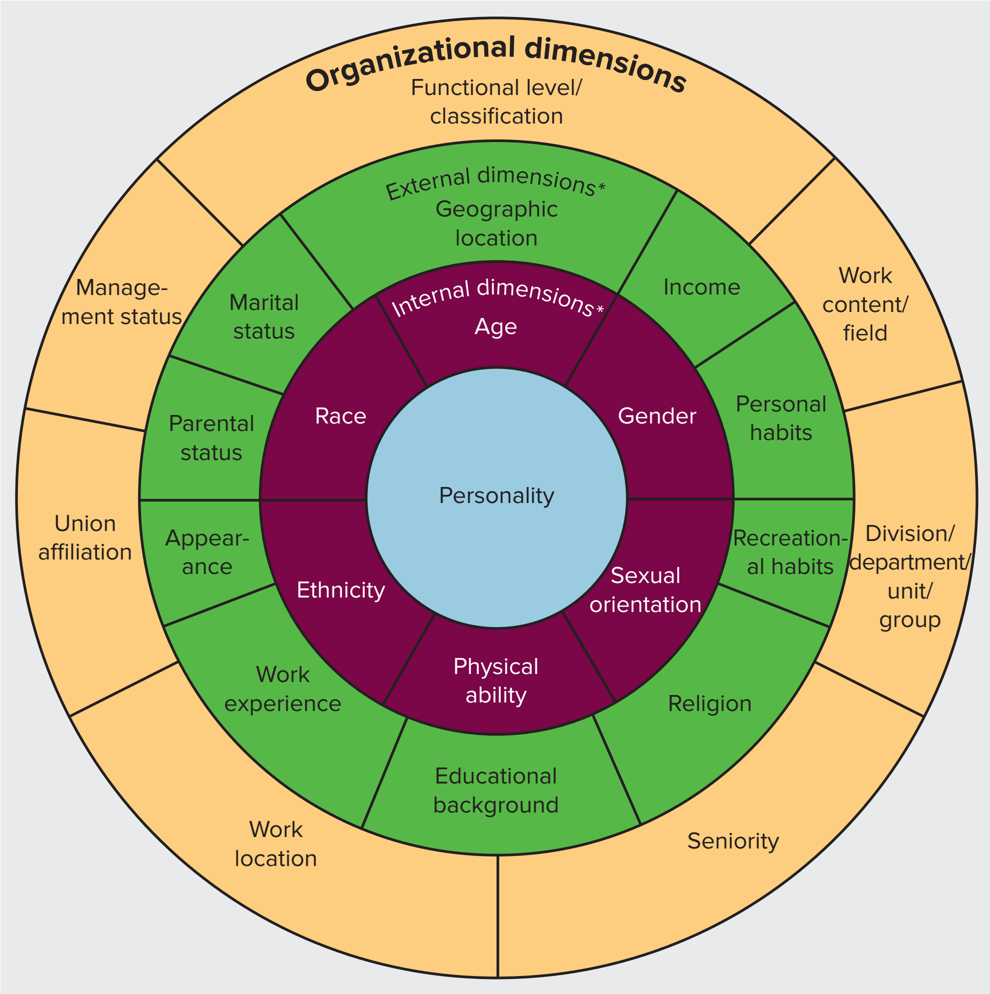
The United States is becoming more diverse in its gender, racial, educational, and age makeup. For example, there are now more working parents, more nonwhites, and more older people, and the consequences are not always what you might expect. ***Demographics*** **are the statistical measurements of populations and their qualities (such as age, race, gender, or income) over time.** The study of demographics helps us better appreciate diversity and helps managers develop human resource policies and practices that attract, retain, and develop qualified employees. In the remainder of this chapter we will further your understanding of diversity and its managerial challenges.

Layers of Diversity

Diversity **represents the multitude of individual differences and similarities that exist among people,** making it an input in the Organizing Framework for Understanding and Applying OB. As you will learn, however, managing diversity also affects a variety of processes and outcomes within the Organizing Framework.

Moreover, diversity pertains to everybody. It is not just an issue of age, race, or gender; of being heterosexual, gay, or lesbian; or of being Catholic, Jewish, Protestant, or

FIGURE 4.4 THE FOUR LAYERS OF DIVERSITY



*Internal dimensions and external dimensions are adapted from M. Locken and J. B. Rosener, *Workforce America!* (Homewood, IL: Business One Irwin, 1991).

SOURCE: L. Gardenswartz and A. Rowe, *Diverse Teams at Work: Capitalizing on the Power of Diversity* (Alexandria, VA: Society for Human Resource Management, 2008).

Muslim. Diversity pertains to the host of individual differences that make each of us unique and different from all others.

Lee Gardenswartz and Anita Rowe, a team of diversity experts, identified four layers of diversity to help distinguish the important ways in which people differ (see Figure 4.4). Taken together, these layers define our personal identities and influence the way each of us sees the world.

Figure 4.4 shows that *personality* is at the center of the diversity wheel because it represents a stable set of characteristics responsible for a person's identity. These are the dimensions of personality discussed in Chapter 3. The next layer of diversity is composed of *internal dimensions,* also referred to as surface-level dimensions of diversity. **"*Surface-level characteristics* are those that are quickly apparent to interactants, such as race, gender, and age."**[43] Because we view these characteristics of others as unchangeable, they strongly influence our attitudes, expectations, and assumptions about them, which, in turn, influence our behavior. Take the experience of an African American middle manager sitting by the pool while vacationing at a resort. As she recalls, "A large 50-ish white male approached me and demanded that I get him extra towels. I said, 'Excuse me?' He then said, 'Oh, you don't work here,' with no shred of embarrassment or apology in his voice."[44] Stereotypes regarding one or more of the internal dimensions of diversity most likely influenced this man's behavior.

Figure 4.4 shows that the next layer of diversity consists of *external influences*. These are individual differences over which we have more control, such as where we live, our religious affiliation, our marital and parental status, and our work experience. These dimensions also exert a significant influence on our perceptions, behavior, and attitudes.

The final layer of diversity is *organizational dimensions* such as seniority, job title and function, and work location. Integrating these last two layers yields deep-level characteristics of diversity. **"*Deep-level characteristics* are those that take time to emerge in interactions, such as attitudes, opinions, and values."**[45] These characteristics are definitely under our control.

Affirmative Action vs. Diversity Management

Affirmative action and diversity management are driven by very different values and goals. This section highlights these differences.

Affirmative Action Affirmative action is not a law in and of itself. It is an outgrowth of equal employment opportunity (EEO) legislation. The goal of this legislation is to outlaw discrimination and to encourage organizations to proactively prevent discrimination. ***Discrimination* occurs when employment decisions about an individual are based on reasons not associated with performance or related to the job.** For example, organizations cannot legally discriminate on the basis of race, color, religion, national origin, sex, age, physical and mental disabilities, and pregnancy. ***Affirmative action* is an intervention aimed at giving management a chance to correct an imbalance, injustice, mistake, or outright discrimination that occurred in the past.**

Does the number of white males stand out in this picture of the US Congress? Congress is 80 percent white and 80 percent male and is sometimes criticized for its lack of diversity.
© Susan Walsh/AP Photo

Affirmative action

- Can refer to both voluntary and mandatory programs.
- Does not legitimize quotas. Quotas are illegal and can be imposed only by judges who conclude that a company has engaged in discriminatory practices.
- Does not require companies to hire unqualified people.
- Has created tremendous opportunities for women and minorities.
- Does not foster the type of thinking needed to manage diversity effectively.

Is the last point surprising? Research uncovered the following tendencies of affirmative action plans. They are

1. Perceived more negatively by white males than by women and minorities, because white males see the plans as working against their interests.
2. Viewed more positively by people who are liberals and Democrats than by conservatives and Republicans.
3. Not supported by people who hold racist or sexist attitudes.[46]
4. Found to negatively affect the women and minorities expected to benefit from them. Supposedly hired on the basis of affirmative action, these groups feel negatively stigmatized as unqualified or incompetent.[47]

Helena Morrissey, former CEO of Newton Investment Management, is an advocate for increasing the diversity of corporate boards of directors in the United Kingdom: Assets at the firm doubled during her 15 years at the helm. Newton also serves as the CEO of 30 Percent Club, which was founded in 2010. The group strives to increase the number of women appointed to public corporate boards. From 2010 to 2016 the number of women on public boards in the U.K. grew from 12.5 percent to 26 percent. © Chris Ratcliffe/Bloomberg/Getty Images

Helena Morrissey, CEO of Newton Investment Management, was asked by a reporter to comment on women being selected to the company board to fill a quota. Morrissey replied, "I find quotas condescending. I wouldn't want to be part of a board because I'm filling a quota."[48]

Managing Diversity ***Managing diversity*** **enables people to perform to their maximum potential.** Diversity management focuses on changing an organization's culture and infrastructure such that people work to the highest productivity possible. Ann Morrison, a diversity expert, attempted to identify the types of initiatives 16 companies used to successfully manage diversity. Her results found three key strategies at work: education, enforcement, and exposure. She describes them as follows:

- **The educational component.** Education "has two thrusts: one is to prepare nontraditional managers for increasingly responsible posts, and the other is to help traditional managers overcome their prejudice in thinking about and interacting with people who are of a different sex or ethnicity."[49]
- **The enforcement component.** Enforcement "puts teeth in diversity goals and encourages behavior change."[50]
- **The exposure component.** Exposing people to others with different backgrounds and characteristics "adds a more personal approach to diversity by helping managers get to know and respect others who are different."[51]

In summary, both consultants and academics believe organizations should strive to *manage* diversity rather than being forced to use affirmative action.

4.5 BUILDING THE BUSINESS CASE FOR MANAGING DIVERSITY

MAJOR QUESTION

What is the business rationale for managing diversity?

THE BIGGER PICTURE

After reviewing the business case for managing diversity, we also look at demographic changes in the US workforce that make the need to manage diversity all the more urgent. These demographic changes have major implications for OB.

The growing diversity in the United States is not a business initiative; it is a reality. Businesses can consciously choose to manage diversity or get caught short by the demographic changes facing the country.

Business Rationale

The rationale for managing diversity is more than the fact that it's legally, socially, or morally desirable. Quite simply, it's good business. The OB in Action box illustrates how companies can gain competitive advantage by producing products targeted at specific demographic groups—in this case, men who do laundry.

OB in Action

Companies Develop Products to Fit the Laundry Habits of Men

Historically, women did the majority of household chores. But the trend may slowly be changing, particularly when it comes to laundry.[52] A 2015 study by consumer research firm Mintel revealed that 67 percent of men between the ages 18 and 34 were mainly responsible for doing laundry, up from 44 percent in 2013. Further, about 60 percent of men between 35 and 54 were doing some laundry.[53]

Procter & Gamble Co., the largest US detergent maker, has responded by referring to "him and her" in its laundry product ads. P&G adds also depict males as competent launderers, using NFL athletes as examples in an online video campaign.

According to *The Wall Street Journal,* "To target men, P&G has considered a Tide for Men variety, but ultimately decided to make detergents like Tide Plus Febreze Sport in fragrances including 'Victory Fresh.' Bounce for Men was introduced in 2014."[54]

Sun Products Corp., maker of All detergent and Snuggle fabric softener, has also been studying male behavior and discovered that men don't like to sort clothes. They tend to do fewer loads, putting too many items in the same load and risking the loss of crisp colors in fabrics.

Because men also tend to use the "normal" wash cycle for everything, Whirlpool Corp. developed a ColorLast washing machine cycle, which it says uses a combination of water temperature, time, and movement to keep colors from fading.

Hero Clean, a company that sells cleaning products and laundry detergent, created a special detergent to fight tough stains that have been sitting in fabric for a long time. Mike Eaton, the company's founder, wanted a product that would "accommodate men's routine of clean, delay, delay, delay, then clean again." The detergent's formula is aimed at stains more commonly found on male clothing, including sweat, mustard, beer, grass, wine, and axle grease.[55]

Men are expected to continue doing more household chores like laundry. For one thing, more men are single today, about 47 percent of the US adult male population. Men are also increasingly working part time, which should give them more time for household chores. About 6.7 million males worked part time in 2014.[56]

YOUR THOUGHTS?

1. Are you surprised that companies are designing products to fit the laundry habits of men? Explain.
2. Do you see any drawbacks to using demographics in the product design process? Discuss.

Managing diversity also gives an organization the ability to grow and maintain its business in an increasingly competitive marketplace. Here's what William Weldon, former chairman and CEO of Johnson & Johnson, said:

> Diversity and inclusion are part of the fabric of our businesses and are vital to our future success worldwide. The principles of diversity and inclusion are rooted in Our Credo [the company's values] and enhance our ability to deliver products and services to advance the health and well-being of people throughout the world. We cannot afford to reduce our focus on these critical areas in any business climate.[57]

Research supports the logic of this strategy. For example, a recent study of 739 retail stores found reinforcement for the *access-and-legitimacy* perspective, defined in the following manner:

> **An *access-and-legitimacy perspective* on diversity is based in recognition that the organization's markets and constituencies are culturally diverse.** It therefore behooves the organization to match the diversity in parts of its own workforce as a way of gaining access to and legitimacy with those markets and constituent groups.[58]

This particular study discovered that customer satisfaction and employee productivity were higher when the racial-ethnic composition of store employees matched that of customers.[59]

These favorable results were taken one step further by another team of researchers, who wanted to know whether customers would spend more money in stores when they perceived themselves as similar to the sales representatives. Results from 212 stores supported the idea that customer–employee similarity leads to more spending.[60] Clearly it pays to manage diversity, but organizations cannot use diversity as a strategic advantage if employees fail to contribute their full talents, abilities, motivation, and commitment. Thus organizations must create an environment or culture that allows all employees to feel included and valuable. Managing diversity is a critical component of creating this environment.

Companies increasingly recognize the value of having a workforce that matches the race of their customers. Here we see African American customers being helped by an employee of similar race. Why would customers prefer to be helped by someone like them? © Blend Images/Alamy RF

Trends in Workforce Diversity

For managers, the study of demographics suggests unique ways of managing diverse employees. For organizations, it helps signal whether human resource policies and procedures are appropriate to the characteristics of a diverse employee population. Let's examine five categories on the internal dimension of the diversity wheel in Figure 4.4—gender, race, sexual orientation, physical/mental abilities, and age—and one category on the external dimension, educational level.

Women Break the Glass Ceiling—but Navigate a Labyrinth Coined in 1986, **the term *glass ceiling* identifies an invisible but absolute barrier that prevents women from advancing to higher-level positions.** Various statistics support the existence of the glass ceiling. Take the pay gap between men and women, for example. In 2014, the median weekly income in full-time management, professional, and related occupations was $1,346 for men but $981 for women. Even among female and male MBA graduates who made about the same upon graduation in 2007–2009, by 2014 a gap had opened—women earned $140,000 and men $175,000.[61]

Some people think these pay differences come about because women leave the workforce to raise children, or because men perform better on the job. Although women are more likely than men to take time off to raise children, research spanning 30 years demonstrated that pay differences were not due to differences in performance evaluations.[62] Other unknown causes are behind the gender pay gap.

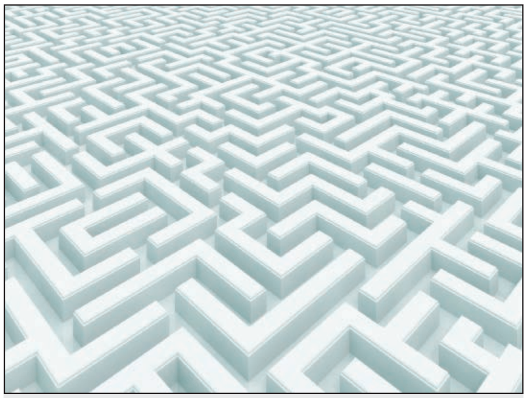
Alice Eagly and Linda Carli conducted a thorough investigation into the organizational life of women and in 2007 published their conclusions that women had finally broken through the glass ceiling.[63] We've updated the data reported in Eagly and Carli's book that led them to their conclusion. In 2016 there were many more female CEOs (21 within the Fortune 500 and two more expected by late 2016) and more women in managerial, professional, and related occupations than in the 1980s and 1990s.[64] Statistics further showed that women had made strides along several measures.

1. **Educational attainment:** Women earned the majority of bachelor's and master's degrees in 2014.
2. **Seats on boards of directors of Fortune 500 firms:** Women held 9.6 percent of seats in 1995 and 19.7 percent in 2015.
3. **Leadership positions in educational institutions and Congress:** In 2016 women represented 23 percent of college presidents, and in 2014, 100 women served in Congress—the largest number ever.
4. **Federal court appointments:** In 2016, 35 percent of federal courts of appeals judges were female.[65]

You can interpret the above statistics in one of two ways.

- **No Change.** On the one hand, you might see proof that women remain underpaid and underrepresented in leadership positions, victims of discriminatory organizational practices.
- **Positive Change.** Or you can agree with Eagly and Carli's conclusion that "men still have more authority and higher wages, but *women have been catching up*. Because some women have moved into the most elite leadership roles, *absolute barriers are a thing of the past*."[66]

Eagly and Carli propose that a woman's career follows a pattern more characteristic of a path through a labyrinth. They believe a woman's path to



A female's career is thought to resemble a labyrinth like this. Note the twists and turns that are needed to get through this maze. Have you experienced twists and turns in your career?
© Baur/Alamy RF

success is neither direct nor simple but rather contains twists, turns, and obstructions, particularly for married women with children.

Racial Groups Face Their Own Glass Ceiling and Perceived Discrimination

The US workforce is becoming increasingly diverse. Between 2012 and 2060, the Census Bureau predicts the following changes in ethnic representation:

- Growth: The Asian population will grow from 5.1 percent to 8.2 percent of the total.
- Growth: The Hispanic population will grow from 17 percent to 31 percent.
- Mild growth: The African American population will rise from 13.1 percent to 14.7 percent.
- Decline: Non-Hispanic whites will drop from 63 percent to 43 percent.[67]

In 2060 so-called minority groups will constitute approximately 57 percent of the workforce, according to the Census Bureau.[68] And yet three additional trends suggest that current-day minority groups are stalled at their own glass ceilings:

Smaller percentage in the professional class. Hispanics, or Latinas/os, and African Americans have a smaller relative hold on managerial and professional jobs compared with whites. Women of color generally do better than men of color.

More discrimination cases. The number of race-based charges of discrimination that were deemed to show reasonable cause by the US Equal Employment Opportunity Commission increased from 294 in 1995 to 678 in 2015. Companies paid a total of $88.4 million to resolve these claims without litigation in 2015.[69]

Lower earnings. Minorities also tend to earn less personal income than whites. In 2015 median weekly earnings for workers 16 years and older were $847, $643, $1,091, and $624 for whites, blacks, Asians, and Hispanics, respectively. Asians had the highest median income.[70]

Sexual Orientation: LGBTQ People Become More Visible The term ***LGBT*** **is a widely recognized acronym to represent lesbian, gay, bisexual, and *transgender.*** However a fifth letter has been gaining acceptance—Q—which according to the Human Rights Campaign can mean either "questioning" or "queer."

Q for "questioning" refers to someone in the process of exploring his or her sexual identity. "People use the term *queer* because it's not specific to sexual orientation or to gender identify but is more of an umbrella term that can encompass a lot of people." You may want to avoid using the term *queer* because it is offensive to some in the LGBT community.[71]

We are discussing sexual orientation because organizations cannot afford to allow between 1.2 and 6.8 percent of the workforce to feel disenfranchised. This represents the estimated number of people who identify as LGBT.[72]

Because LGBTQ employees often experience a lack of inclusion, their engagement, performance, and retention can be affected. A study by the Human Rights Campaign Foundation, for instance, revealed that unwelcoming environments can lead to a 30 percent decrease in employee engagement and an increase in turnover. Nine percent of LGBT employees reported leaving a job because of unwelcoming work environments.[73]

The good news is that a majority of Fortune 500 companies offer workplace protections on the basis of sexual orientation and gender identify. In contrast, 29 states do not offer such protections.[74]

Physical and Mental Abilities: People with Disabilities Face Challenges

Approximately 20 percent of Americans have a physical or cognitive disability, according to the US Census Bureau. The ***Americans with Disabilities Act*** **prohibits discrimination against those with disabilities and requires organizations to reasonably accommodate an individual's disabilities.**[75]

Not surprisingly, some people with disabilities have difficulty finding work. The US Bureau of Labor Statistics found that 10.4 percent were unemployed in July 2015, much higher than the 5.4 percent rate for those without disabilities. Contrary to negative stereotypes about hiring the disabled, such as that making reasonable accommodation is expensive, many organizations are finding this group of people to be a valuable source of talent. Walgreens, for example, is dedicated to hiring people with disabilities. Forty percent of the workforce at two of its distribution centers have disabilities.[76]

Generational Differences in an Aging Workforce The US population and workforce are getting older, and the workforce includes greater generational differences than ever before. We already see four generations of employees working together, soon to be joined by a fifth (see Table 4.3). Managers need to deal effectively with generational differences in values, attitudes, and behaviors. Many companies, including IBM, Lockheed Martin, Ernst & Young LLP, and Aetna, address this issue by providing training workshops on generational diversity.

Table 4.3 summarizes generational differences using common labels: traditionalists, baby boomers, Gen Xers, Millennials/Gen Ys, and the incoming Gen 2020s. We use such

TABLE 4.3 GENERATIONAL DIFFERENCES

	Traditionalists	Baby Boomers	Gen Xers	Millennials (Gen Y)	Gen 2020
Birth Time Span	1925–1945	1946–1964	1965–1979	1980–2001	2002–
Current Population	38.6 million	78.3 million	62 million	92 million	23 million
Key Historical Events	Great Depression, World War II, Korean War, Cold War era, rise of suburbs	Vietnam War; Watergate; assassinations of John and Robert Kennedy and Martin Luther King, Jr.; women's movement; Kent State killings; first man on the moon	MTV, AIDS epidemic, Gulf War, fall of Berlin Wall, Oklahoma City bombing, 1987 stock market crash, Bill Clinton–Monica Lewinsky scandal	September 11 terrorist attack, Google, Columbine High School shootings, Enron and other corporate scandals, wars in Iraq and Afghanistan, Hurricane Katrina, financial crisis of 2008 and high unemployment	Social media, election of Barack Obama, financial crisis of 2008 and high unemployment
Broad Traits	Patriotic, loyal, disciplined, conformist, possessed of a high work ethic and respect for authority	Workaholic, idealistic, competitive, materialistic, possessed of a high work ethic, in search of personal fulfillment	Self-reliant, adaptable, cynical, independent, technologically savvy, distrustful of authority, in search of work–life balance	Entitled, civic minded, close parental involvement, cyberliteracy, appreciate diversity, multitasking, in search of work–life balance, technologically savvy	Multitasking, online life, cyberliteracy, communicate fast and online
Defining Invention	Fax machine	Personal computer	Mobile phone	Google and Facebook	Social media and iPhone apps

SOURCE: Adapted from J. C. Meister and K. Willyerd, *The 2020 Workplace* (New York: Harper Collins, 2010), 54–55; and R. Alsop, *The Trophy Kids Grow Up* (San Francisco: Jossey-Bass, 2008), 5.

labels (and resulting generalizations) for sake of discussion. There are always exceptions to the characterizations shown in Table 4.3.[77]

Millennials account for the largest block of employees in the workforce, followed by baby boomers. Thus Millennials are often managed by boomers, who possess very different values and personal traits. Conflicting values and traits are likely to create friction between people. Millennials also tend to change jobs more frequently than other categories of workers. For example, the median job tenure of people between 20 and 24 is less than 16 months. This puts pressure on companies to find ways to retain this talented segment of the workforce.[78]

Goldman Sachs Group Inc. is addressing the issue head on. According to *The Wall Street Journal* the firm is "rethinking the way it structures bankers' early years at the firm. The bank is dangling carrots, including promises to speed the path to promotions and eliminating some of the grunt work that often falls to younger employees." In addition to lightening workloads, the company started having "town-hall-style meetings to address grievances to keep young people on board."[79] Will other groups of employees view these changes as unfair? Time will tell.

Have age-related differences at school or work caused any conflicts for you? The following Self-Assessment was created to assess your attitudes toward older employees. Because the term *older* is relative, define *older employees* in your own terms when completing the assessment.

connect SELF-ASSESSMENT 4.1

What Are Your Attitudes Toward Working with Older Employees?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 4.1 in Connect.

1. What is your attitude about working with older employees? Are you surprised by the results?
2. What is your level of satisfaction when working with older employees?
3. Based on your results, what can you do to improve your satisfaction when working with older employees?

Educational Levels: Mismatch between Education and Organizational Needs

There are three potential education–work mismatches:

- **College graduates may be in jobs for which they are overqualified.** The US Census Bureau estimates that 26.8 percent of the US workforce has at least a college degree.[80] Unfortunately, about a half a million college graduates are working minimum-wage jobs—260,000 with bachelor's degrees and 200,000 with associate's degrees.[81] These graduates are ***underemployed*****, working at jobs that require less education than they have** such as waiting tables, tending bar, painting, and other work that someone with less education could perform. Underemployment is associated with poorer work attitudes, job performance, job satisfaction, motivation, and psychological well-being.[82]
- **College graduates may not have the skills desired by employers.** Recent studies show that college graduates, while technically and functionally competent, lack teamwork skills, critical-thinking ability, oral communication skills, and analytic reasoning.[83] There is also a shortage of college graduates in technical fields related to science, math, and engineering.
- **High-school dropouts and others may not have the literacy skills needed for many jobs.** A recent study revealed that 7 percent of all US students between 16 and 24 dropped out of high school in 2013.[84] The dropout rate is higher for males. This statistic, along with the fact that 14 percent of US adults read below a basic level, is a real problem for employers, because about 70 percent of on-the-job reading materials are written at or above a ninth-grade level.[85]

4.6 BARRIERS AND CHALLENGES TO MANAGING DIVERSITY

MAJOR QUESTION

What are the most common barriers to implementing successful diversity programs?

THE BIGGER PICTURE

Wouldn't you rather know what obstacles lay ahead, instead of discovering them too late? We share 11 common challenges to effectively managing diversity.

The following is a list of the most common barriers to implementing successful diversity programs:[86]

1. **Inaccurate stereotypes and prejudice.** Mistaken perceptions manifest themselves in the belief that differences are weaknesses and that diversity hiring means sacrificing competence and quality. As a reporter for *The Wall Street Journal* noted, "Studies show that negative stereotypes about aging—for example, that older people inevitably grow less productive and more depressed—are as pervasive as they are inaccurate."[87] Inaccurate stereotypes like this limit the promotability and job satisfaction of older workers.
2. **Ethnocentrism.** The ethnocentrism barrier is based on the feeling that our cultural rules and norms are superior to or more appropriate than the rules and norms of another culture.
3. **Poor career planning.** Lack of opportunities for diverse employees to get work assignments that qualify them for senior management positions can stunt careers.
4. **A negative diversity climate.** We define organizational climate in Chapter 7 as employee perceptions about an organization's formal and informal policies, practices, and procedures. ***Diversity climate*** **is a subcomponent of an organization's overall climate and is defined as the employees' aggregate "perceptions about the organization's diversity-related formal structure characteristics and informal values."**[88] Diversity climate is positive when employees view the organization as being fair to all types of employees, which promotes employee loyalty and overall firm performance.[89] It also enhances psychological safety. ***Psychological safety*** **reflects the extent to which people feel free to express their ideas and beliefs without fear of negative consequences.** As you might expect, psychological safety is positively associated with outcomes in the Organizing Framework like innovation.[90]

There are over 11 different types of lightning. This is an anvil crawler. It travels horizontally and generally at high altitudes. A lightning storm like this can be dangerous and we must be careful to avoid being struck. The same is true for an organization's diversity climate. It signals the extent to which an organization's "internal climate" supports diversity initiatives. Bad climates, like bad lightning storms, result in people taking cover by withholding effort and talent. Have you ever worked in a company with a negative diversity climate? © Jason Weingart Photography RF

5. **A hostile working environment for diverse employees.** Hostile work environments are characterized by sexual, racial, and age harassment and can be in violation of Equal Employment Opportunity law, such as Title VII of the Civil Rights Act.[91] Whether perpetrated against women, men, older individuals, or LGBTQ people, hostile environments are demeaning, unethical, and appropriately called "work environment pollution." You certainly won't get employees' best work if they believe the work environment is hostile toward them. The Applying OB box illustrates how Chicago-based online lender Enova International Inc. is trying to create a work environment supportive of Millennials.

Applying OB

Enova International Provides a Millennial Supportive Environment

Enova was founded by two brothers in 2004 and grew rapidly. Soon it experienced challenges in retaining its technologically savvy employees because they were in high demand in the job market. The company then developed a three-part retention strategy targeted at Millennials:

1. ***Development.*** Millennials like to know their career game plan. According to a freelance writer for *HR Magazine*, "Enova offers employees workshops on technology and soft skills, such as how to develop a professional presence and how to increase their emotional intelligence." The company displays charts on its website that show career paths for employees.
2. ***Recognition.*** Millennials are known to like frequent and clear feedback. Enova addresses this desire by using a "game-like recognition system in which employees can award points to their colleagues, whether peers or subordinates, for a job well done," according to *HR Magazine*. Employees then cash the points in for prizes that include iPods and designer purses.
3. ***Perks.*** Millennials seem to prefer collaboration and the opportunity to stay connected with friends. Enova tried to accommodate these needs by building the "chill hub," a room that contains a waterfall wall, board games, massage chairs, and exercise balls. Once a month employees are allowed to volunteer during the workday for a nonprofit of their choice. The company also offers a host of personal perks that include onsite dry cleaning services, yoga classes, snacks and beverages, and Weight Watchers classes.[92]

6. **Diverse employees' lack of political savvy.** Diverse employees may not get promoted because they do not know how to "play the game" of getting along and getting ahead in an organization. Research reveals that women and people of color are excluded from organizational networks that could help them rise.[93] Some organizations attempt to overcome this barrier by creating employee-resource groups that encourage individuals with similar backgrounds to share common experiences and success strategies. American Express has 16 network groups and Cisco has 11.[94]
7. **Difficulty balancing career and family issues.** Women still assume most of the responsibilities associated with raising children. This makes it harder for them to work evenings and weekends or to travel. Even without children in the picture, household chores take more of a woman's time than a man's.

8. **Fear of reverse discrimination.** Some employees believe diversity management is a smoke screen for reverse discrimination. This belief leads to very strong resistance because it makes people feel one person's gain is another's loss.
9. **Lack of organizational priority for diversity.** Low priority for diversity leads to subtle resistance in the form of complaints and negative attitudes. Employees may complain about the time, energy, and resources devoted to diversity that could have been spent doing "real work."
10. **A poor performance appraisal and reward system.** Performance appraisals and reward systems must reinforce the need to effectively manage diversity. Success must thus be based on a new set of criteria. For example, General Electric evaluates the extent to which its managers are inclusive of employees with different backgrounds. These evaluations are used in salary and promotion decisions.[95]
11. **Resistance to change.** Effectively managing diversity entails significant organizational and personal change. Sometimes this resistance is a function of cross-cultural values. In Japan, for example, women have a difficult time being promoted to senior management positions because of the practice of lifetime employment and age-based promotions. This tradition still holds at both large and small companies.[96]

Are you curious about the diversity climate in a current or former employer? If yes, take the Self-Assessment below. It measures the components of an organization's diversity climate and will enable you to determine whether your employer has or had a favorable one.

connect SELF-ASSESSMENT 4.2

Assessing an Organization's Diversity Climate

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 4.2 in Connect.

1. What were the three highest- and lowest-rated survey items? What does this tell you about your employer?
2. Based on these scores, what advice would you give the human resources officer at the company you evaluated?

In summary, managing diversity is a critical component of organizational success. It is a challenge, but it is necessary if you want to create an environment that engages employees and motivates them to do their best.

4.7 ORGANIZATIONAL PRACTICES USED TO EFFECTIVELY MANAGE DIVERSITY

MAJOR QUESTION

What are organizations doing to effectively manage diversity, and what works best?

THE BIGGER PICTURE

Whether you manage a diverse work group or find yourself managed within a diverse work group, you'll do better by understanding the various ways in which organizations attempt to manage diversity. You'll be able to review eight options in the following section. *Hint:* We recommend mutual adaptation.

What are organizations doing to effectively manage diversity? We can answer this question by first providing a framework for categorizing organizational initiatives.

Framework of Options

One especially relevant framework was developed by R. Roosevelt Thomas Jr., a diversity expert. Thomas identified eight generic action options that organizations can use to address any type of diversity issue. After describing each option, we discuss relationships among them.[97]

Option 1: Include/Exclude Include/exclude is an outgrowth of affirmative action programs. Its primary goal is to either increase or decrease the number of diverse people at all levels of the organization. Shoney's restaurant chain attempted to include diverse employees after settling a discrimination lawsuit. The company subsequently hired African Americans into positions of dining-room supervisors and vice presidents, added more franchises owned by African Americans, and purchased more goods and services from minority-owned companies.[98]

Option 2: Deny People may deny differences exist, saying that all decisions are color-, gender-, and age-blind and that success is determined solely by merit and performance. Novartis Pharmaceuticals agreed to a $152 million settlement in a gender discrimination lawsuit. Holly Waters, one of the plaintiffs, charged that "she was not only paid less than her male equivalents at Novartis, but was fired when she was seven months pregnant after taking a few weeks off on advice of her doctors." Waters was the highest performer in her district.[99] Novartis denied that gender discrimination was a companywide issue despite the fact that 5,600 women received compensation in the settlement.[100]

Option 3: Assimilate The idea behind assimilation is that, given time and reinforcement, all diverse people will learn to fit in or become like the dominant group. Organizations initially assimilate employees through their recruitment practices and through orientation programs that describe their preferred values and standard operating procedures. Employees then are encouraged to refer to policies and procedures when confused about what to do in a specific situation. These practices create behavioral homogeneity among employees.

Option 4: Suppress Differences are squelched or discouraged when suppression is the diversity strategy. Managers and peers tell employees to quit whining and complaining about issues. Saying, "You've got to pay your dues" is another way to suppress differences and promote the status quo.

Option 5: Isolate Isolation maintains the status quo by setting the diverse person off to the side. Then he or she is unable to influence organizational change. Managers can isolate people and entire teams and departments by putting them on special projects, creating functionally independent entities often referred to as silos.

These U.S. soldiers of the 101st Airborne Division are a great illustration of assimilation. Note the uniform dress and structured approach toward marching. Assimilation techniques used by the military create homogeneity in dress, behavioral expectations, and many other aspects of military life. Do you think non military organizations desire the same type of homogeneity? © Zoom Dosso/AFP/Getty Images

Option 6: Tolerate Toleration entails acknowledging differences but not valuing or accepting them. This live-and-let-live approach allows organizations to give lip service to the issue of managing diversity. It differs from isolation in that it allows for the inclusion of diverse people, but differences are still not truly valued or accepted.

Option 7: Build Relationships Relationship building is based on the premise that good relationships can overcome differences. It addresses diversity by fostering high-quality relationships—characterized by acceptance and understanding—among diverse groups. Marriott, for example, has paired younger and older employees in teams so they can more effectively capitalize on their strengths and weaknesses.[101]

Option 8: Foster Mutual Adaptation Mutual adaptation allows people to change their views for the sake of creating positive relationships with others. Employees and managers alike must be willing to accept differences and, most important, agree that everyone and everything is open for change. Diversity training is one way to kick-start mutual adaptation. Research shows that such training can positively enhance people's attitudes and feelings about working with diverse employees.[102]

Conclusions about Action Options Although the action options can be used alone or in combination, some are clearly more effective than others. Exclusion, denial, assimilation, suppression, isolation, and toleration are the least preferred options. Inclusion, building relationships, and mutual adaptation are preferred. That said, Thomas reminds us that mutual adaptation is the only approach that unquestionably endorses the philosophy behind managing diversity.

Choosing how to best manage diversity is a dynamic process and is influenced by the context. For instance, some organizations are not ready for mutual adaptation. The best they might be able to achieve is the inclusion of diverse people.

How Companies Are Responding to the Challenges of Diversity

We close this chapter by sharing some examples and models that demonstrate how companies are responding to the emerging challenges of managing diversity. Compare these to Thomas's framework and you'll find the greatest activity around Options 7 and 8, building relationships and fostering mutual adaptation.

Response: Paying Attention to Sexual Orientation The Transgender Law Center estimates that about 2 percent of the population is transgender. The term ***transgender*** **applies to anyone whose gender identity or gender expression is different from sex at birth.** Although 61 percent of Fortune 500 firms forbid discrimination based on gender identity, transgender people are protected against discrimination in only 17 states and the District of Columbia.[103] More companies recognize that they don't want to alienate this segment of the population, however, and are implementing programs to help them transition. Aetna, for example, has developed a policy that covers issues involving leave benefits, restroom use, and the transitioning employee's preferred pronouns and names. It also includes medical coverage for therapy and surgery. Companies including Alcatel-Lucent and Glassdoor have addressed the needs of transgender employees by trying to create an inclusive culture. Mariah DeLeon, Glassdoor's vice president of people, noted, "The phrase we have here is 'Bring your whole self to work.'"[104]

Response: Addressing Changing Customer Demographics A Citizens Union Bank branch in Louisville, Kentucky, was designed and staffed with the goal of attracting more Latina/o customers. The interior contains "bright, colorful walls of yellows and blues, large-scale photos of Latin American countries, comfortable couches, sit-down desks, a children's play area, a television tuned to Hispanic programming, and even a vending area stocked with popular Latin American-brand soft drinks and snacks." The branch also took on a new name: Nuestro Banco, Spanish for "Our Bank." Branch deposits are setting records, and the CEO is planning to repeat the model in other locations.[105]

Response: Helping Women Navigate the Career Labyrinth Organizations can make career navigation easier by providing flexible work schedules and the developmental assignments that prepare women for promotional opportunities. According to a business writer, the Boston Consulting Group "focuses heavily on recruiting and retaining women, offering part-time options, mentoring and professional-development programs." ***On-ramping*** **programs encourage people to reenter the workforce after a temporary career break.** Companies such as McKinsey & Co. and Goldman Sachs Group offer these to women in particular. Goldman, for example, instituted "returnship" programs that offer short-term job assignments to former employees.[106]

Response: Helping Hispanics Succeed Miami Children's Hospital and Shaw Industries Inc. in Dalton, Georgia, hope to raise employee productivity, satisfaction, and motivation by developing customized training programs to improve the communication skills of their Spanish-speaking employees.[107] Research reveals that retention and career progression of minorities can be significantly enhanced through effective mentoring.

Response: Providing Community and Corporate Training to Reduce the Mismatch between Education and Job Requirements To combat education gaps on a more global level, JPMorgan started The Fellowship Initiative (TFI) in New York in 2010 and expanded it to Chicago and Los Angeles in 2014. The goal is to provide intensive academic and leadership training to young men of color. Jamie Dimon, chair and CEO of JPMorgan, is committed to the program. "These young men need access to high quality education and positive role models in and outside the classroom," he said. Michael Bloomberg, then New York City's mayor, applauded JPMorgan's effort by concluding, "We need more civic-minded companies and organizations to step up and join this work, and I congratulate JPMorgan Chase for being a leader in this effort and for making a real difference in the lives of young men of color in our city."[108]

At the individual corporate level, companies, including Wheeler Machinery Co. in Salt Lake City, have instituted specialized training programs that enable less-qualified people to perform more technically oriented jobs. Lockheed Martin and Agilent Technologies also offer paid apprenticeships or internships to attract high-school students interested in the sciences.[109]

Response: Retaining and Valuing Skills and Expertise in an Aging Workforce

Here are seven initiatives that can help organizations to motivate and retain an aging workforce:

1. Provide challenging work assignments that make a difference to the firm.
2. Give employees considerable autonomy and latitude in completing a task.
3. Provide equal access to training and learning opportunities when it comes to new technology.
4. Provide frequent recognition for skills, experience, and wisdom gained over the years.
5. Provide mentoring opportunities whereby older workers can pass on accumulated knowledge to younger employees.
6. Ensure that older workers receive sensitive, high-quality supervision.
7. Design a work environment that is both stimulating and fun.[110]

You'll see a number of these tactics being used by BAE, a multinational defense and aerospace company, according to a writer for *Bloomberg Businessweek*. "When BAE learns that an employee with deep institutional knowledge plans to retire, whether in a few months or a couple of years, a knowledge-transfer group of about a half-dozen people of varying ages working in the same area is formed. The teams meet regularly over months to talk and exchange advice. Younger workers elicit tips, and in some cases older ones gradually hand off tasks to junior employees."[111]

Some companies, such as Staples, have encountered problems managing older employees; see the Problem-Solving Application box.

Problem-Solving Application

64-Year-Old Male Sues Staples for Wrongful Termination and Age Discrimination

Bobby Nickel, a 66-year-old facilities manager for Staples Contract and Commercial, Inc., and Staples, Inc., was fired. He claims the company discriminated against and harassed him and ultimately terminated him due to his age.

From 2002 to 2008 Nickel worked for Corporate Express, which Staples then acquired. He received positive performance evaluations for nine years before his termination.

"Because Corporate Express' pay scale had been higher than the pay scale for employees hired by Staples, Nickel alleged in his complaint that his managers noted that they needed to 'get rid of' older, higher paid employees. Nickel's complaint also explained how he became the regular butt of jokes at staff meetings and was referred to as 'old coot' and 'old goat,'' according to blogger Larry Bodine.[112]

Further, Nickel claimed that Lionel Marrero, his fulfillment center manager, regularly made harassing statements like, "Take a closer look at the older people. They are starting to drag and are slowing down. If they are not top performers, write them up and get rid of them." It was also alleged that Marrero said, "We need young, energetic people. Walk around the facility with the older workers and if they cannot keep up, then get rid of them. . . . We need to get rid of old people because they are slow. And we can get younger people to work cheaper."[113]

Nickel was ultimately pressed by a manager to resign. When he didn't, he experienced increased incidents of harassment from coworkers and a manager. "This included being written up and suspended for 'stealing,' after taking a bell pepper valued at 68 cents from the company cafeteria." A receptionist told Nickel she had been instructed by management "to provide a false statement about Nickel's conduct but she refused to do so, said blogger Larry Bodine.[114]

Counsel for Staples contended that the company had cause to suspend Nickel because he violated "the company's zero-tolerance policy when it came to 'dishonesty of any kind, including theft or misappropriation of company property.'"[115]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case.

Step 2: Identify the OB concepts or theories that may be causing the problem. For example, are stereotypes, diversity climate, or frameworks for managing diversity causes of the problem?

Step 3: Recommend what you would do to correct the situation. Think both short term and long term.

Response: Resolving Generational Differences Traditional and boomer managers are encouraged to consider their approach toward managing the technologically savvy Gen Xers and Gen Ys. Gen Xers and Ys, for instance, are more likely to visit social networking sites during the workday, often perceiving this activity as a "virtual coffee break." In contrast, traditional and boomer managers are more likely to view this activity as wasted time, leading them to adopt policies that attempt to prevent it. Experts suggest that restricting access to social media will not work in the long run if an employer wants to motivate younger employees.

Would you like to improve your working relationships with diverse people? If yes, Self-Assessment 4.3 can help. It asks you to compare yourself with a group of other people you interact with and then to examine the quality of the relationships between yourself and these individuals. This enables you to gain a better understanding of how similarities and differences among people influence your attitudes and behavior.

connect SELF-ASSESSMENT 4.3

How Does My Diversity Profile Affect My Relationships with Other People?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 4.3 in Connect.

1. Which diversity dimensions have the greatest influence on the quality of your interpersonal relationships?
2. Consider the person with whom you have the most difficulty working. Which dimensions of diversity may contribute to this relationship? What can you do to improve it?

What Did I Learn?

You learned that person perception and managing diversity are essential for success. Why? *Person perception* helps you better understand the perception process, improve the way you are perceived, and adjust your own perception to avoid common perceptual errors. *Managing diversity* (represented by both diversity and demographics in our Organizing Framework) lets you better optimize diversity's effect on individual and group/team outcomes. Reinforce your learning with the Key Points below. Then consolidate your learning using the Organizing Framework. Finally, challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 4

You learned the following key points.

4.1 PERSON PERCEPTION

- Perception is a mental and cognitive process that enables us to interpret and understand our surroundings.
- Person perception is influenced by three components: characteristics of the perceiver, characteristics of the target, and characteristics of the situation.
- Person perception affects a wide variety of organizational activities including hiring decisions, performance appraisals, and leadership.

4.2 STEREOTYPES

- Stereotypes represent generalized beliefs about the characteristics of a group.
- Stereotypes are not always negative, and they are not always inaccurate.
- Common stereotypes exist about gender, race, and age.
- Stereotyping is a four-step process that consists of categorization, inference, expectation formation, and maintenance.
- We maintain stereotypes by *(a)* overestimating the frequency of stereotypic behaviors exhibited by others, *(b)* incorrectly explaining expected and unexpected behaviors, and *(c)* differentiating minority individuals from ourselves.

4.3 CAUSAL ATTRIBUTIONS

- Causal attributions are suspected or inferred causes of behavior.
- According to Kelley's model of causal attribution, we make external attributions when consensus and distinctiveness are high and consistency is low. We make internal (personal responsibility) attributions when consensus and distinctiveness are low and consistency is high.
- The fundamental attribution bias emphasizes personal factors more than situation factors while we are formulating attributions. In the self-serving bias we personalize the causes of our success and externalize the causes of our failures.

4.4 DEFINING AND MANAGING DIVERSITY

- Diversity represents the individual differences that make people unique from and similar to each other.
- Diversity varies along surface-level characteristics like race, gender, and age and along deep-level characteristics such as attitudes, opinions, and values.
- Affirmative action is an outgrowth of equal employment opportunity legislation and is an intervention aimed at giving management a chance to correct past discrimination.
- Managing diversity entails enacting a host of organizational changes that enable all people to perform to their maximum potential.

4.5 BUILDING THE BUSINESS CASE FOR MANAGING DIVERSITY

- Managing diversity is predicted to be good business because it aims to engage employees and satisfy customers' unique needs.
- There are six key demographic trends: *(a)* women are navigating a labyrinth after breaking the glass ceiling, *(b)* racial groups are encountering a glass ceiling and perceived discrimination, *(c)* recognition of sexual orientation is growing in importance, *(d)* people with disabilities face challenges, *(e)* generational differences are growing in an aging workforce, and *(f)* a mismatch exists between workers' educational attainment and organizational needs.

4.6 BARRIERS AND CHALLENGES TO MANAGING DIVERSITY

- There are 11 barriers to successfully implementing diversity initiatives: *(a)* inaccurate stereotypes and prejudice, *(b)* ethnocentrism, *(c)* poor career planning, *(d)* a negative diversity climate, *(e)* a hostile working environment for diverse employees, *(f)* diverse employees' lack of political savvy, *(g)* difficulty balancing career and family issues, *(h)* fears of reverse discrimination, *(i)* lack of organizational priority, *(j)* the need to revamp the organization's performance appraisal and reward systems, and *(k)* resistance to change.

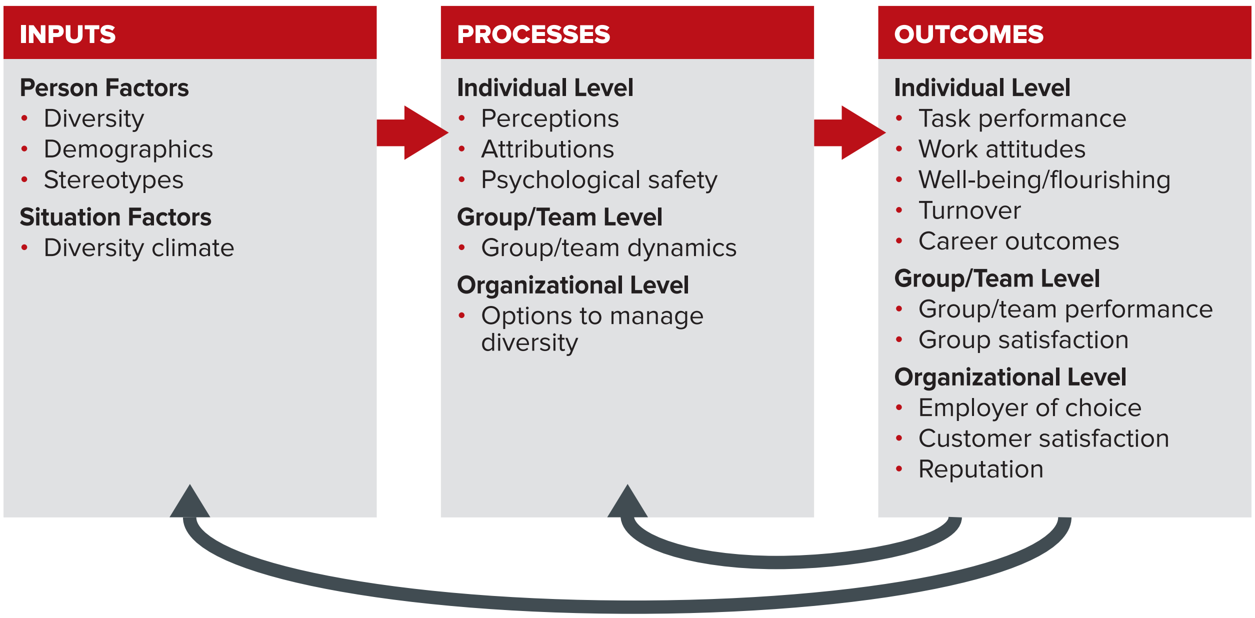
4.7 ORGANIZATIONAL PRACTICES USED TO EFFECTIVELY MANAGE DIVERSITY

- Organizations have eight options for addressing diversity issues: *(a)* include/exclude the number of diverse people at all levels of the organization, *(b)* deny that differences exist, *(c)* assimilate diverse people into the dominant group, *(d)* suppress differences, *(e)* isolate diverse members from the larger group, *(f)* tolerate differences among employees, *(g)* build relationships among diverse employees, and *(h)* foster mutual adaptation to create positive relationships.

The Organizing Framework for Chapter 4

As shown in Figure 4.5, you learned that diversity, demographics, and stereotypes serve as key person factors, while diversity climate is an important situation factor. You also know there are relevant processes across the individual level (perception,

FIGURE 4.5 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



attributions, and psychological safety), the group/team level (group/team dynamics), and the organizational level (options to manage diversity). These inputs and processes have critical outcomes.

Challenge: Major Questions for Chapter 4

1. How do I form perceptions of others?
2. How can I use awareness of stereotypes to make better decisions and manage more effectively?
3. How do I tend to interpret employee performance?
4. How does awareness about the layers of diversity help organizations effectively manage diversity?
5. What is the business rationale for managing diversity?
6. What are the most common barriers to implementing successful diversity programs?
7. What are organizations doing to effectively manage diversity, and what works best?

IMPLICATIONS FOR ME

We see four additional things you can do to apply this chapter's lessons. First, remember that your personal and professional success depends upon others' perceptions of you. Because perceptions can override your good work, it is important to gain feedback on what others' think about you. Second, it is normal to be affected by stereotypes. It would be helpful to reflect on your stereotypes and to try to avoid letting them bias your decisions and perceptions of others. Third, consider how you will respond when you hear negative or disparaging things about diverse people. It's going to happen, and your response can make the difference in stopping such statements. Finally, celebrate your uniqueness, but remember that some people are uncomfortable with individual differences among people. We encourage you to just be yourself.

IMPLICATIONS FOR MANAGERS

There are three key implications for managers. First, because managers make many types of judgments about people, it is important to try to make these judgments without being biased or using stereotypes. This can be difficult because such cognitive errors are a natural and normal part of how we process information. Second, the fundamental attribution bias can lead to inaccurate interpretations of someone's suitability for a job or a performance evaluation. Be aware of this attributional error, and try to consider both personal and situation factors when evaluating others. Third, managing diversity is good for individual employees, managers, and organizations as a whole. Organizations, whether local or global, will compete more effectively when all employees feel included, supported, and valued. We all should try our best to be understanding and supportive of people who are different from the majority.

PROBLEM-SOLVING APPLICATION CASE

White, Male, and Asian: The Diversity Profile of Technology Companies

Managing diversity is a hot topic among technology companies, some of which have started to display transparency by publishing their diversity profiles.

Google's diversity report showed its workforce is 70 percent male and 30 percent female. Ethnicity data for its US workforce indicated 61 percent white, 30 percent Asian, 4 percent of two or more races, 3 percent Hispanic, 2 percent black, and 1 percent other. This pattern is similar to those of Apple (30 percent female and 55 percent white, and US ethnicity data showing 15 percent Asian, 11 percent Hispanic, 7 percent black, 2 percent of two or more races, 1 percent other, and 9 percent undeclared) and Facebook (31 percent female, and US ethnicity data of more than half white, 41 percent Asian, 3 percent Hispanic, and 1 percent black).[116]

Executives within the technology industry have started to implement a variety of programs and policies to change the demographic profiles of their companies. For example, Intel established a 2015 hiring goal of 40 percent new hires from diverse backgrounds and 22.7 percent of technical employees who are female. Pinterest established a 2016 goal to have 30 percent of new engineering hires in engineering roles be female and 8 percent from underrepresented ethnic minorities.[117]

Is setting diversity hiring goals fair? While companies that set them note they are not meant to be quotas, some managers may perceive them that way. This would likely create feelings of reverse discrimination, fueling resistance to hiring diverse employees.

What has led to the skewed demographics at technology companies? Some experts believe the root cause goes back to patterns and norms in elementary and high school, where girls are not encouraged to focus on the STEM subjects (science, technology, engineering, and math). If this is true, female high-school students are not developing the proficiency that would help them major in STEM subjects in college. Further, a writer for *Forbes* concluded that an unconscious bias exists "that science and math are typically 'male' fields while humanities are primarily 'female' fields, and these stereotypes further inhibit girls' likelihood of cultivating an interest in math and science."[118]

A related issue is the "information gap." High-school students simply do not know which jobs are in high demand. For example, research shows that 24 percent of high-school seniors "have no idea of what career they want to pursue. Of high school seniors who have pinpointed a desired profession, 23 percent said they made their career choice based on something they saw on TV or in a movie."[119] This is a problem because TV shows often depict technology-oriented people as geeky males. Who wants to be a geek?

Others claim the industry has a pipeline problem. In other words, not enough females and minorities are majoring in STEM subjects in college. Statistics conflict on this subject. Some data indicate that females earn fewer than 20 percent of college degrees in computer science, even though they achieve the majority of bachelor's degrees in the United States.[120] In contrast, other studies show that there is not a pipeline issue. According to *Forbes* writer Bonnie Marcus, there is "an equal number of high-school girls and boys participating in STEM electives." Marcus also notes that 50 percent of the introductory computer science students at Stanford and Berkeley are women.[121] A *USA* study further showed that "top universities graduate black and Hispanic computer science and computer engineering students at twice the rate that leading technology companies hire them."[122] There must be some reason these students are not being hired.

If the above data are accurate, then it is possible that companies have a systemic problem based on hiring managers' beliefs, stereotypes, or unconscious biases. This occurred at Pinterest, for example, when it tried to increase the number of women and minorities being hired. Although recruiters found qualified applicants "from nontraditional backgrounds, managers often continued to prioritize people from places like Stanford and MIT, which have less broad student bodies. And while Adam Ward, Pinterest's head of recruiting, and Abby Maldonado, its diversity-programs specialist, had encouraged colleagues to pass along résumés form a range of candidates, most of the referrals were still white or Asian," according to *FastCompany*.[123] Pinterest founder Evan Sharp believes technology companies may not be giving diversity the same type of attention given to product development initiatives.

There may also be more overt causes of the underrepresentation of female and minority tech employees. Consider results from an interview study of 716 women who had held technology positions. These women left the industry after seven years, and 27 percent cited "discomfort working in these companies." Other top reasons were perceived discrimination in regard to gender, race, or sexual orientation, lack of flexible hours, and unsupportive work environments.[124]

Could something as subtle as gender-based communication contribute to the problem? The answer is yes according to a recent report presented in *Fortune*. A study of 1,100 technology résumés from 512 men and 588 women uncovered gender-related differences that may affect a recruiter's perceptions. For example, "women's résumés are longer, but shorter on details. . . . Yet when it comes to providing details about previous jobs, the men present far more specific content than the women do," according to the *Fortune* report. Women were also found to "lead with their credentials and include more personal background. On average, the women's résumés cite seven personal distinctions apiece, while the men's cite four." Overall, women tend to use more narrative while men are more precise about their experiences.[125]

Assume you are a senior leader at a technology company. What does the information in this case tell you about managing diversity?

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcome box of the Organizing Framework in Figure 4.5 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. You need to identify the perspective—employee, manager, team, or the organization—from which you're defining the problem.

C. Use details in the case to identify the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Explaining why helps refine and focus your thinking. Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework shown in Figure 4.5. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 4.5 to identify which person factors, if any, are most likely causes of the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, if you think demographics—an input in the Organizing Framework—is a cause, ask yourself why. This might lead to the conclusion that there are not enough females and minorities who are taking STEM majors in college. In turn, this might lead to the conclusion that a poor pipeline is a root cause of demographics at technology companies. Then ask yourself why this is happening. The cause might go all the way back to elementary and high school. By following this process of asking why multiple times, you will be more likely to arrive at a more complete list of causes.

B. Now consider the Processes box shown in Figure 4.5. Consider whether perception, attributions, psychological safety, group/team dynamics, or options to manage diversity are causes of the problem. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

C. Follow the same process for the situation factors.

D. To check the accuracy or appropriateness of the causes, be sure to map them onto the defined problem.

Step 3: Make recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 4 or one of the earlier chapters to propose a solution.

B. Potential solutions may be found in the OB in Action and Applying OB boxes within the chapter. These features provide insights about how other individuals or companies are handling the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Swastikas and Neonatal Care

This case describes an incident that occurred at Hurley Medical Center in Michigan and resulted in a lawsuit.

Tonya Battle, a veteran black nurse in Hurley's neonatal intensive care unit, was taking care of a baby when a man with a swastika tattoo walked into the unit and reached for the baby. Battle stopped him and asked to see the hospital wristband that identified him as the baby's parent. "He abruptly told her he wanted to see her supervisor, who then advised Battle she should no longer care for the child," according to *USA Today*.[126] The man had requested that no African American nurses should take care of his child.

A note was subsequently put on the assignment clipboard saying, "No African American nurse to take care of baby." Battle was "shocked, offended, and in disbelief that she was so egregiously discriminated against based on her race and reassigned, according to the lawsuit, which asks for punitive damages for emotional stress, mental anguish, humiliation, and damages to her reputation," according to a reporter from the *Arizona Republic*.[127] Battle could not understand why the hospital would accommodate the man's request. Although the note was later removed, black nurses were not allowed to care for the child for about a month.

The *Arizona Republic* newspaper reported that the "American Medical Association's ethics code bars doctors from refusing to treat people based on race, gender, and other criteria, but there are no specific policies for handling race-based requests from patients." Further, a survey of "emergency physicians found patients often make such requests, and they are routinely accommodated. A third of doctors who responded said they felt patients perceive better care from providers of shared demographics, with racial matches considered more important than gender or religion."[128]

Your Views

What would you have done if you were a medical administrator at the time the request was made?

1. I would not have honored the man's request. I would have explained why Tonya Battle and other African American nurses are best suited to take care of his child.
2. I would have done exactly what the hospital did. The man has a right to have his child taken care of by someone of a race or gender of his choosing.

What would you do about the lawsuit?

1. Fight it. It's ridiculous that someone would feel emotional stress and humiliation from simply being reassigned.
2. Settle it and create a policy that prohibits honoring future requests like this.
3. Settle it but hold a hospitalwide meeting explaining the rationale for continuing to accommodate such requests.

5 FOUNDATIONS OF EMPLOYEE MOTIVATION

How Can I Apply Motivation Theories?

Major Topics I'll Learn and Questions I Should Be Able to Answer

5.1 The What and Why of Motivation
MAJOR QUESTION: ***What is motivation and how does it affect my behavior?***

5.2 Content Theories of Motivation
MAJOR QUESTION: ***How would I compare and contrast the content theories of motivation?***

5.3 Process Theories of Motivation
MAJOR QUESTION: ***How would I compare and contrast the process theories of motivation?***

5.4 Motivating Employees Through Job Design
MAJOR QUESTION: ***How are top-down approaches, bottom-up approaches, and "idiosyncratic deals" similar and different?***

The Organizing Framework for Understanding and Applying OB shown in Figure 5.1 summarizes what you will learn in this chapter. Although Chapter 5 focuses on motivation, an individual-level process, a host of person and situation factors influence it. There are more situation than person factors in the figure. This reinforces the simple fact that managers significantly affect our motivation because they have more control over situation than person factors. Figure 5.1 further shows that processes across the individual, group/team, and organizational level influence a variety of important outcomes.

FIGURE 5.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Personality
- Personal attitudes
- Values—Theory X/Y
- Needs

Situation Factors
- Hygiene factors
- Motivating factors
- Job characteristics
- Job design
- Leadership
- Organizational climate

PROCESSES

Individual Level
- Equity/justice
- Expectancy processes
- Goal setting processes
- Voice

Group/Team Level
- Climate for justice

Organizational Level
- Climate for justice

OUTCOMES

Individual Level
- Intrinsic and extrinsic motivation
- Task performance
- Work attitudes
- Citizenship behavior/counterproductive behavior
- Turnover

Group/Team Level
- Group/team performance

Organizational Level
- Customer satisfaction

Winning at Work

Discussing Pay at Work

Ever wonder how your pay compares to that of a coworker? Brian Bader did. Bader had just been hired for a technology-support job at Apple for $12 per hour and was told not to discuss salary with other employees. This requirement made him curious, so he decided to ask coworkers about their salary and found that most people were being paid between $10 and $12 per hour.

Pay Inequity

Bader was not upset about his relative pay level at first, but it later became the reason he decided to quit his job. He learned from performance data shared with work teams that he was twice as productive as the lowest performer on the team yet earned only 20 percent more. "It irked me. If I'm doing double the work, why am I not seeing double the pay?" he said when interviewed for *The Wall Street Journal*.[1] In OB we see Bader's situation as an example of pay inequity.

How do Companies Handle Decisions about Pay?

Many companies tell employees not to discuss pay with coworkers. Some threaten to fire those who do. Why? Quite simply, when such disparities become public, they lead to feelings of inequity, which in turn lowers employee engagement, motivation, and performance. Dr. Kevin Hallock, dean of industrial and labor relations at Cornell University, said companies keep pay secret because they "aren't very good at explaining to employees why they're being paid what they're paid, or what they must do to earn more."[2]

Pay secrecy does not sit well with younger employees like Millennials, who are more willing than earlier generations to talk about pay and even discuss it on social media. Some companies, such as Whole Foods Market, SumAll, and Buffer, are less secretive. Buffer, a small social media marketing and analytics firm, posts all employees' salaries online, including their names, along with revenue, sales, and the company's formula for setting salaries.[3] Would you like to work at Buffer?

The *Wall Street Journal* recently offered advice for how companies should handle pay secrecy. Based on OB research covered in this chapter, the writer suggested companies should open up about pay and allow employees to freely talk about their pay concerns. This includes showing pay data on company intranets and performance information by unit. Showing the link between pay and performance is one way to make pay decisions transparent.[4]

Should You Discuss Pay While at Work?

The answer depends on your role and position. Experts contend that the National Labor Relations Act prohibits companies from stopping the rank and file (employees paid by the hour) from discussing salary and benefits packages outside work time. "Outside work time" means on social media as well. T-Mobile was recently found guilt of violating national labor laws by prohibiting employees from talking with each other about wages. The rules are different, however, for managers and supervisors, who can legally be prevented from discussing their pay.[5]

If you decide to discuss pay at work, keep the following recommendations in mind: (1) understand your company's policy on the matter, (2) restrict your conversations to people you trust, and (3) don't brag about your pay.

What's Ahead in This Chapter

There are far too many dysfunctional organizations where managers don't seem to have a clue about how to motivate workers. OB supplies proven methods of how to motivate employees. These aren't just abstract theories. All spring from observation and study of the workplace, and they have been validated in real-life testing. Business professionals treasure them as tools for making work better and more productive. We'll show you how these methods operate and give practical tips and suggestions for implementing them.

5.1 THE WHAT AND WHY OF MOTIVATION

MAJOR QUESTION

What is motivation and how does it affect my behavior?

THE BIGGER PICTURE

Motivation is a key process within the Organizing Framework for Understanding and Applying OB. Understanding the principles of motivation can help you both achieve personal goals and manage others in the pursuit of organizational goals.

Motivation theories help us understand our own behaviors in organizational settings and provide us tools for motivating others.

Motivation: What Is It?

Motivation explains why we do the things we do. It explains why you are dressed the way you are right now, and it can account for what you plan to do this evening.

How Does It Work? The term *motivation* derives from the Latin word *movere,* meaning "to move." In the present context, ***motivation*** **describes the psychological processes "that underlie the direction, intensity, and persistence of behavior or thought."**[6] "Direction pertains to *what* an individual is attending to at a given time, intensity represents the *amount* of effort being invested in the activity, and persistence represents *for how long* that activity is the focus of one's attention."[7]

There are two types of motivation: extrinsic and intrinsic.

- ***Extrinsic motivation*** **results from the potential or actual receipt of external rewards.** Extrinsic rewards such as recognition, money, or a promotion represent a payoff we receive from others for performing a particular task. For example, the Air Force is offering a bonus to drone pilots if they extend their commitment to remain in the military. These pilots can earn a $15,000 annual bonus by extending for either five or nine years, and they have the option to receive half the total bonus up front. The Air Force is doing this because the demand for drone pilots exceeds the supply.[8]
- ***Intrinsic motivation*** **occurs when an individual is inspired by "the positive internal feelings that are generated by doing well,** rather than being dependent on external factors (such as incentive pay or compliments from the boss) for the motivation to work effectively."[9] We create our own intrinsic motivation by giving ourselves intrinsic rewards such as positive emotions, satisfaction, and self-praise. Consider the intrinsic motivation of the 2015 winners of *Dancing with the Stars*—Bindi Irwin and Derek Hough. The joy on their faces demonstrates the engagement and fun they are having while dancing.

Bindi Irwin, on the left, and Derek Hough won the 2015 *Dancing with the Stars* competition. The smiles on their faces show the intrinsic motivation that performers in many fields feel during and after competing. Performers in many arenas—not just competitive dancing—are motivated to excel by extrinsic factors, such as prize money, praise, recognition from others, and titles. However, often the key motivators are also, or instead, intrinsic, like a feeling of challenge and accomplishment. © Amanda Edwards/WireImage/Getty Images

The Two Fundamental Perspectives on Motivation: An Overview

Researchers have proposed two general categories of motivation theories: content theories and process theories. **Content theories** identify internal factors such as needs and satisfaction that energize employee motivation. **Process theories** explain the process by which internal factors and situational factors influence employee motivation.[10] It's important to understand both motivational perspectives because they offer different solutions for handling motivational problems. The following two sections discuss several theories for each theoretical perspective.

5.2 CONTENT THEORIES OF MOTIVATION

MAJOR QUESTION

How would I compare and contrast the content theories of motivation?

THE BIGGER PICTURE

Five OB theories deal with the internal factors that motivate individuals. Several come from other disciplines. So you may have already encountered Maslow's hierarchy of needs and related content theories such as McGregor's Theory X and Theory Y, acquired needs theory, self-determination theory, and Herzberg's motivator-hygiene theory.

Most *content theories of motivation* are based on the idea that an employee's needs influence his or her motivation. Content theorists ask, "What are the different needs that activate motivation's direction, intensity, and persistence?" ***Needs* are defined as physiological or psychological deficiencies that arouse behavior.** They can be strong or weak and are influenced by environmental factors. This tells you that human needs vary over time and place.

Content theories include:

- McGregor's Theory X and Theory Y.
- Maslow's need hierarchy theory.
- Acquired needs theory.
- Self-determination theory.
- Herzberg's motivator-hygiene theory.

McGregor's Theory X and Theory Y

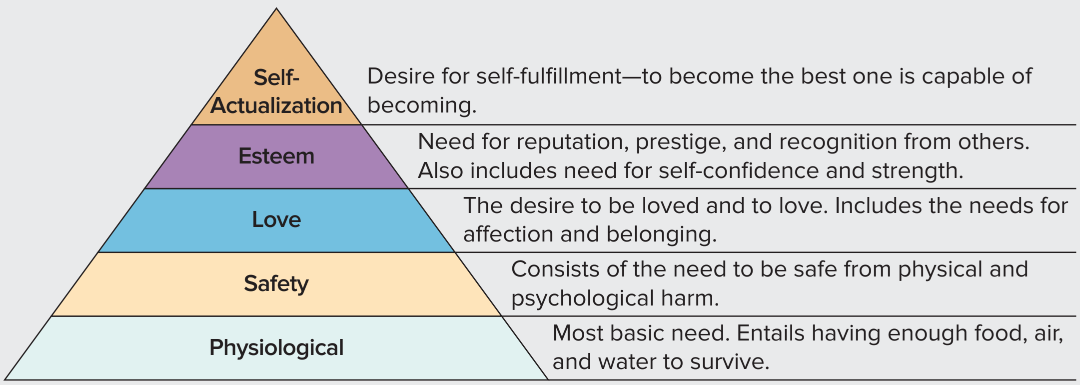
Douglas McGregor outlined his theory in his book *The Human Side of Enterprise*.[11] Drawing on his experience as a management consultant, McGregor formulated two sharply contrasting sets of assumptions about human nature. ***Theory X* is a pessimistic view of employees: They dislike work, must be monitored, and can be motivated only with rewards and punishment ("carrots and sticks").** McGregor felt this was the typical perspective held by managers. To help them break with this negative tradition, McGregor formulated his own Theory Y. ***Theory Y* is a modern and positive set of assumptions about people at work: They are self-engaged, committed, responsible, and creative.**

Consider the value of adopting a Theory Y approach toward people. One recent study demonstrated that employees and teams had higher performance when their managers displayed Theory Y behaviors. A second study uncovered higher levels of job satisfaction, organizational commitment, and organizational citizenship when managers engaged in Theory Y behaviors.[12]

Maslow's Need Hierarchy Theory: Five Levels of Needs

In 1943, psychologist Abraham Maslow published his now-famous need hierarchy theory of motivation. Although the theory was based on his clinical observation of a few neurotic individuals, it has subsequently been used to explain the entire spectrum of human

FIGURE 5.2 MASLOW'S NEED HIERARCHY



behavior. **The *need hierarchy theory* states that motivation is a function of five basic needs: physiological, safety, love, esteem, and self-actualization.** See Figure 5.2 for an explanation.

The Five Levels Maslow proposed that the five needs are met sequentially and relate to each other in a "prepotent" hierarchy (see Figure 5.2). Prepotent means the current most-pressing need will be met before the next need becomes the most powerful or potent. In other words, Maslow believed human needs generally emerge in a predictable stair-step fashion. Thus when physiological needs have been met, safety needs emerge, and so on up the need hierarchy, one step at a time. Once a need has been satisfied, it activates the next higher need in the hierarchy. This process continues until the need for self-actualization has been activated.[13]

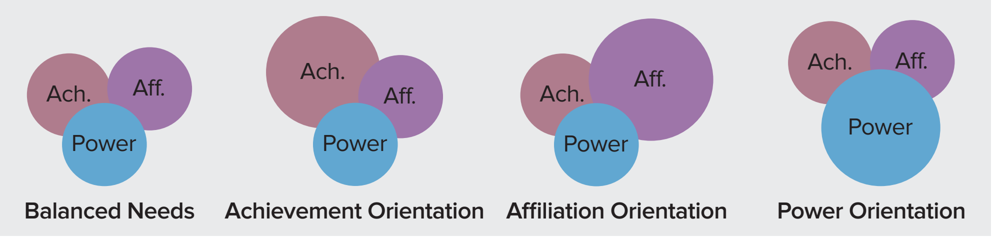
Using Maslow's Theory to Motivate Employees Although research does not clearly support its details, Maslow's theory does offer practical lessons. It reminds us, for instance, that employees have needs beyond earning a paycheck. The hotel chain J.W. Marriott offers health care benefits, filling a physiological need, if hourly employees work 30 hours a week. The company also has companywide awards events, flexible scheduling, and steep travel discounts. The company's headquarters includes a gym, dry cleaner, gift store, day care, and preferred parking for hybrid vehicles. Marriott also offers an array of wellness initiatives and an employee assistance line in multiple languages.[14]

This theory tells us that a "one style fits all" approach to motivation is unlikely to work. For example, studies show that different motivators are needed for employees working at small firms. George Athan, CEO of MindStorm Strategic Consulting, aptly noted, "People go to small companies to be part of something that will grow. They like the flexibility, too. The more they are involved in decision making, the more they feel it's their mini-company."[15] A final lesson of Maslow's theory is that satisfied needs lose their motivational potential. Therefore, managers are advised to motivate employees by devising programs or practices aimed at satisfying emerging or unmet needs.

Acquired Needs Theory: Achievement, Affiliation, and Power

David McClelland, a well-known psychologist, began studying the relationship between needs and behavior in the late 1940s. He proposed the ***acquired needs theory,* which states that three needs—for achievement, affiliation, and power—are the key drivers of employee behavior.**[16] McClelland used the term "acquired needs" because he believes we are not born with our needs; rather we learn or acquire them as we go about living our lives.

FIGURE 5.3 MCCLELLAND'S THREE NEEDS



The Three Acquired Needs McClelland's theory directs managers to drive employee motivation by appealing to three basic needs:

- ***Need for achievement,*** **the desire to excel, overcome obstacles, solve problems, and rival and surpass others.**
- ***Need for affiliation,*** **the desire to maintain social relationships, be liked, and join groups.**
- ***Need for power,*** **the desire to influence, coach, teach, or encourage others to achieve.**

People vary in the extent to which they possess these needs, and often one need dominates the other two (see Figure 5.3).

McClelland identified a positive and negative form of the power need. The positive side is called the need for *institutional power.* It manifests in the desire to organize people in the pursuit of organizational goals and help people obtain the feeling of competence. The negative face of power is called the need for *personal power*. People with this need want to control others, and they often manipulate people for their own gratification.

You can use this theory to motivate yourself, assuming you are aware of your need states. Can you guess which of the three needs is most dominant? Would you like to know which is helping or hindering the achievement of your personal goals? Check your perceptions by taking the acquired needs Self-Assessment.

connect SELF-ASSESSMENT 5.1

Assessing Your Acquired Needs

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 5.1 in Connect.

1. Which of the three needs is dominant for you? Are you surprised by this result?
2. Which is/are helping you to achieve your goals?
3. Are any of the needs affecting your level of well-being? Should you make any changes in your need states?

Using Acquired Needs Theory to Motivate Others The following OB in Action box illustrates how Cameron Mitchell's acquired needs affected the way he ran his successful restaurant business.

You can apply acquired needs theory by appealing to the preferences associated with each need when you (1) set goals, (2) provide feedback, (3) assign tasks, and (4) design the job.[17] Let's consider how the theory applies to Cameron Mitchell.

- **Need for achievement.** People motivated by the need for achievement, like Cameron Mitchell, prefer working on challenging, but not impossible, tasks or projects. They like situations in which good performance relies on effort and ability rather than luck, and they like to be rewarded for their efforts. High achievers also want to

OB in Action

Cameron Mitchell, Founder and CEO of Cameron Mitchell Restaurants, Exemplifies Acquired Needs

Cameron Mitchell

Courtesy of Cameron Mitchell Restaurants

Cameron Mitchell has achieved his childhood dream of running a successful restaurant business. He currently runs 48 upscale restaurants such as Hudson 29 and Ocean Prime in 18 cities. His business earns about $250 million in annual revenue.

Mitchell's primary goal was "to create an extraordinary restaurant company known for great people delivering genuine hospitality." He says, "In order to achieve this goal, I could not do it on my own! In fact, our past, present, and future success is directly attributed to our associates."[18]

You might not have foreseen Mitchell's success based on his difficult childhood. His parents divorced when he was 9, and he began drinking alcohol and trying drugs in middle school. When he started dealing drugs in high school, his mom threatened to call child protective services. Mitchell decided to run away.

He moved into a one-room apartment with other teens and sometimes went days without food. He decided to return home at 16 when he found himself thinking about suicide. He went back to high school and took a job as a dishwasher at a local steak house. He loved the job and concluded, "The restaurant business was where I wanted to be the rest of my life."

When Mitchell's application to the Culinary Institute of America was rejected due to his poor grades, he became more driven. He started working double shifts so he could pay for community college. He eventually graduated from culinary school and began working as a sous chef. Mitchell opened his first restaurant in 1993 in Columbus, Ohio. It was a success![19]

The growth of Mitchell's business was based on an underlying philosophy of "people first." The company's website states that it "doesn't just hire great people, it also treats them well. This inspires them to radiate a genuine hospitality that guests, vendors, and the community at large can feel and appreciate."[20]

The company's commitment to its employees shows in the wide array of benefits it offers, which exceed industry standards. It also rewards restaurant managers who support and develop their teams. Mitchell believes associates should have trusting, caring relationships with each other. He encourages managers' autonomy by allowing them to provide input on menu and wine selection decisions. The company further reinforces the value of autonomy and effective decision making with leadership training programs. Managers are taught "how to think (rather than 'how to do'). The goal is to encourage creative, appropriate problem-solving and idea generation," according to the company's website."[21]

YOUR THOUGHTS?

1. Which of the three acquired needs is most pronounced in this example?
2. Would you like to work for someone like Cameron Mitchell? Why?

receive a fair and balanced amount of positive and negative feedback. This enables them to improve their performance.

- **Need for affiliation.** People motivated by the need for affiliation like to work in teams and in organizational climates characterized as cooperative and collegial. You clearly see this theme at work in Cameron Mitchell's restaurants.
- **Need for power.** People with a high need for power like to be in charge. They enjoy coaching and helping others develop. Cameron Mitchell seems to exemplify this need.

Self-Determination Theory: Competence, Autonomy, and Relatedness

Self-determination theory was developed by psychologists Edward Deci and Richard Ryan. In contrast to McClelland's belief that needs are learned over time, this theory identifies *innate* needs that must be satisfied for us to flourish. ***Self-determination theory*** **assumes that three innate needs influence our behavior and well-being—the needs for competence, autonomy, and relatedness.**[22]

Self-Determination Theory Focuses on Intrinsic Motivation

Self-determination theory focuses on the needs that drive intrinsic motivation. Intrinsic motivation is longer lasting and has a more positive impact on task performance than extrinsic motivation.[23] The theory proposes that our needs for competence, autonomy, and relatedness produce intrinsic motivation, which in turn enhances our task performance. Research supports this proposition.[24]

The Three Innate Needs

An innate need is a need we are born with. The three innate needs are:

1. **Competence—"I need to feel efficacious."** This is the desire to feel qualified, knowledgeable, and capable to complete an act, task, or goal.
2. **Autonomy—"I need to feel independent to influence my environment."** This is the desire to have freedom and discretion in determining what you want to do and how you want to do it.
3. **Relatedness—"I want to be connected with others."** This is the desire to feel part of a group, to belong, and to be connected with others.

Although the above needs are assumed to be innate, according to Deci and Ryan their relative value can change over our lives and vary across cultures.

Using Self-Determination Theory to Motivate Employees

Managers can apply self-determination theory by trying to create work environments that support and encourage the opportunity to experience competence, autonomy, and relatedness. Here are some specific suggestions:

- **Competence.** Managers can provide tangible resources, time, contacts, and coaching to improve employee competence. They can make sure employees have the knowledge and information they need to perform their jobs. The J.W. Marriott hotel chain instills competence by providing employees developmental opportunities and training. Daniel Nadeau, general manager of the Marriott Marquis Washington, D.C., said, "The biggest perk is the opportunity." He started at Marriott busing tables in high school and then worked his way up through sales, marketing, and operations. "A culture of mentorship is what pulled him along," according to Nadeau.[25]
- **Autonomy.** Managers can empower employees and delegate meaningful assignments and tasks to enhance feelings of autonomy. This in turn suggests they should

John Willard Marriott, Jr., is the executive chairman and chairman of the board of Marriott International. He joined the company in 1956 and was promoted to president in 1964 and CEO in 1972. His leadership philosophy is one of being a servant leader. This belief focuses on placing the needs of others above self-interests. We suspect this is one reason Marriott International has a progressive stance toward developing and improving the lives of its employees. He has been married for over 50 years.
© Nikki Kahn/The Washington Post/Getty Images

support decisions their employees make. A recent study confirmed this conclusion. Employees' intrinsic motivation was higher when they perceived that their manager supported them.[26] Unilever implemented the Agile Working program in support of autonomy. According to a writer for *HR Magazine,* the program allows "100,000 employees—everyone except factory production workers—to work anytime, anywhere, as long as they meet business needs. To support the effort, the company is investing in laptops, videoconferencing, soft-phones and smartphones, remote networks, webcams, and other technologies that help curtail travel."[27]

- **Relatedness.** Many companies use fun and camaraderie to foster relatedness. Nugget Market, an upscale supermarket chain in Sacramento, builds relatedness by creating a family-type work environment. One employee described the climate in this way: "The company doesn't see this as a workplace; they see it as a family. This is our home, where customers are treated as guests."[28] A positive and inspiring corporate vision also can create a feeling of commitment to a common purpose. For example, Lars Sørensen, CEO of Novo Nordisk, a global health care company specializing in diabetes treatments, believes his employees are intrinsically motivated by the thought of saving lives. "Without our medication," he said, "24 million people would suffer. There is nothing more motivating for people than to go to work and save people's lives."[29]

Herzberg's Motivator-Hygiene Theory: Two Ways to Improve Satisfaction

Frederick Herzberg's theory is based on a landmark study in which he interviewed 203 accountants and engineers.[30] These interviews, meant to determine the factors responsible for job satisfaction and dissatisfaction, uncovered separate and distinct clusters of factors associated with each. This pattern led to the ***motivator-hygiene theory,*** **which proposes that job satisfaction and dissatisfaction arise from two different sets of**

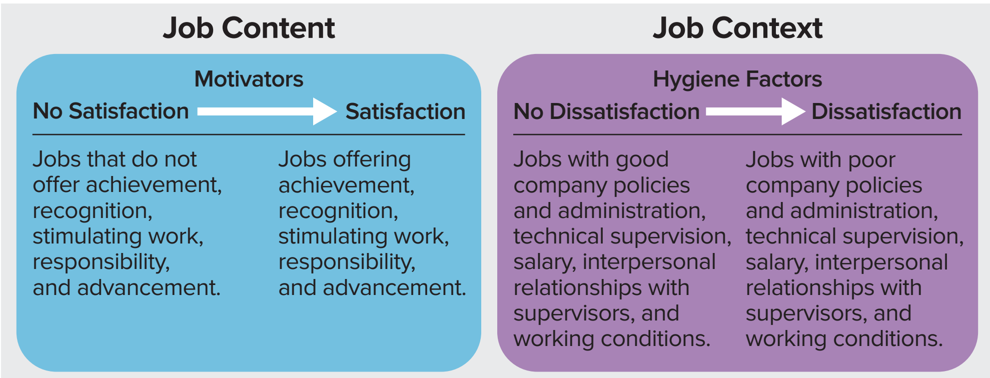
factors—satisfaction comes from *motivating factors* and dissatisfaction from *hygiene factors*.

- **Hygiene factors—What makes employees dissatisfied?** Job dissatisfaction was associated primarily with factors in the work *context* or environment. Herzberg hypothesized that such ***hygiene factors*—including company policy and administration, technical supervision, salary, interpersonal relationships with supervisors, and working conditions—cause a person to move from a state of no dissatisfaction to dissatisfaction.** He did not believe their removal created an immediate impact on satisfaction or motivation (for that, see motivating factors following). At best, Herzberg proposed that individuals will experience the *absence* of job dissatisfaction when they have no grievances about hygiene factors.
- **Motivating factors—What makes employees satisfied?** Job satisfaction was more frequently associated with factors in the work *content* of the task being performed. Herzberg labeled these *motivating factors* or *motivators* because each was associated with strong effort and good performance. He hypothesized that such ***motivating factors, or motivators*—including achievement, recognition, characteristics of the work, responsibility, and advancement—cause a person to move from a state of no satisfaction to satisfaction.** Therefore, Herzberg's theory predicts managers can motivate individuals by incorporating motivators into an individual's job.

For Herzberg, the groups of hygiene and motivating factors did not interact. "The opposite of job satisfaction is not job dissatisfaction, but rather no job satisfaction; and similarly, the opposite of job dissatisfaction is not job satisfaction, but no dissatisfaction."[31] Herzberg conceptualizes dissatisfaction and satisfaction as two parallel continuums. The starting point is a null state in which *both* dissatisfaction and satisfaction are absent. Theoretically an organization member could have good supervision, pay, and working conditions (no dissatisfaction) but a tedious and unchallenging task with little chance of advancement (no satisfaction), as illustrated in Figure 5.4.

Managerial View of Job Satisfaction and Dissatisfaction Insights from Herzberg's theory allow managers to consider the dimensions of both job content and job context so they can manage for greater overall job satisfaction. There is one aspect of this theory we think is wrong, however. We believe you can satisfy and motivate people by providing good hygiene factors. The Container Store, regularly rated as one of the top five companies to work for by *Fortune,* is a good example. The company pays retail hourly salespeople roughly *double* the industry average, approximately $50,000 a year in

FIGURE 5.4 ROLE OF JOB CONTENT AND JOB CONTEXT IN JOB SATISFACTION AND DISSATISFACTION



SOURCE: Adapted from D. A. Whitsett and E. K. Winslow, "An Analysis of Studies Critical of the Motivator-Hygiene Theory," *Personnel Psychology,* Winter 1997, 391–415.

2014.[32] Its rate of employee turnover, about 5.7 percent, is significantly lower than the industry average of 74.9.[33]

Other companies seem to agree with our conclusion, because they have been offering a host of hygiene factors in an attempt to attract and retain Millennials. A recent survey of 463 human resource managers revealed that "some 21 percent of employers offer on-site fitness centers, 22 percent provide free snacks and drinks, and 48 percent offer community-volunteer programs."[34]

Using Herzberg's Theory to Motivate Employees Research does not support the two-factor aspect of Herzberg's theory, nor the proposition that hygiene factors are unrelated to job satisfaction. However, three practical applications of the theory help explain why it remains important in OB.

1. **Hygiene first.** There are practical reasons to eliminate dissatisfaction before trying to use motivators to increase motivation and performance. You will have a harder time motivating someone who is experiencing pay dissatisfaction or otherwise struggling with Herzberg's hygiene factors.
2. **Motivation next.** Once you remove dissatisfaction, you can hardly go wrong by building motivators into someone's job. This suggestion represents the core idea behind the technique of job design that is discussed in the final section of this chapter.
3. **A few well-chosen words.** Finally, don't underestimate the power of verbal recognition to reinforce good performance. Savvy managers supplement Herzberg's motivators with communication. Positive recognition can fuel intrinsic motivation, particularly for people who are engaged in their work.

Problem-Solving Application

What's Going on at the Arizona Department of Child Safety?

The Arizona Department of Child Safety (DCS) is having motivational issues with its employees. The agency defines itself as "a human service organization dedicated to achieving safety, well-being and permanency for children, youth, and families through leadership and the provision of quality services in partnership with communities."[35]

The overall turnover rate at the agency is 24.5 percent. It's even higher for caseworkers (36 percent), the people who directly work with the children and families. Among those who stay, the number taking time off under the federal Family and Medical Leave Act recently increased 68 percent over the preceding year.

Current and former employees complain about "crushing workloads and fear-based management." Former employees said they quit because of stress associated with growing caseloads and unrealistic expectations from management. As of December 2015 caseloads were 30 to 50 percent higher than the agency's standard.

When Greg McKay was hired to head the agency in 2015, he fired almost all senior managers and brought in his own team, promoting some from within. McKay is trying to make changes to reduce the caseload burden. *The Arizona Republic* reported that he is "seeking more support staff in the upcoming state budget to free caseworkers from some of the more clerical aspects of their jobs. He's revamping the pay system to keep tenured staff on board, and has restored a training program in Tucson."

Pay raises might help retain staff. The entry-level salary for caseworkers is $33,000. Overall, the average agency salary is $41,360.[36]

A study by the Annie E. Casey Foundation ranked Arizona's child welfare system 46th in the nation. The ranking was based on the number of children that are experiencing out-of-home care. According to a *Phoenix New Times* reporter, this rating is partly due to the fact that "few frontline employees last beyond three years, and there are never enough caseworkers to meet demand. There's a lack of funding for preventative and poverty-assistance programs, and because of a perpetual shortage of foster homes, kids frequently end up sleeping in DCS offices for a night or two before being placed with families."[37]

The *Phoenix New Times* investigative report on the DCS revealed that problems may have gotten worse under McKay's leadership. According to the office of state senator Debbie McCune Davis, she has received "all sorts of phone calls from all sorts of people who have been pushed out of the agency or have left voluntarily and just can't believe what's going on. We hear a lot about people leaving the agency out of frustration, about firings or other changes at the top." McCune Davis said employees "are afraid to make decisions based on professional judgment because they're scared of becoming scapegoats."[38]

New Times quoted current and former employees who said McKay was "retaliatory and vindictive." The report also noted that "DCS has become a place where people are regularly fired for unexplained reasons and where those remaining tiptoe around, waiting and wondering when they'll be let go."[39]

New Times concluded that McKay has a passion for child welfare. But it questioned "whether he has the skills and personality to make DCS succeed."[40]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case.

Step 2: Identify the key causes of this problem.

Step 3: Make your top two recommendations for fixing the problem at the DCS.

Figure 5.5 illustrates the overlap among the need and satisfaction theories discussed in this section. As you can see, the acquired needs and self-determination theories do not include lower-level needs. Remember, higher-level need satisfaction is more likely to foster well-being and flourishing.

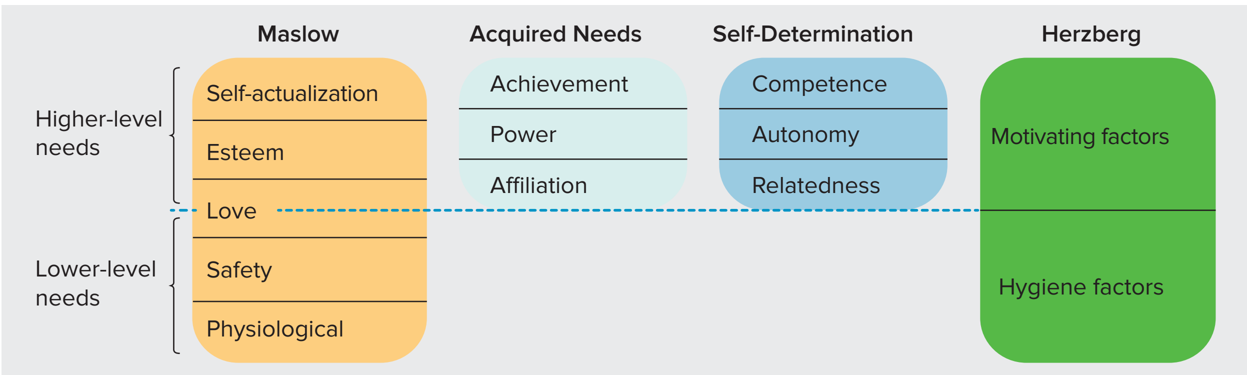
TAKE-AWAY APPLICATION

Increasing My Higher-Level Needs

Consider the content theories of motivation.

1. Which ones include your highest needs?
2. Which needs are most important for your success in school? How about in terms of your current/last/most-desired job?
3. Given that flourishing is related to satisfying higher-order needs, what can you do to increase the degree to which you are satisfying your higher-level needs?

FIGURE 5.5 A COMPARISON OF NEED AND SATISFACTION THEORIES



5.3 PROCESS THEORIES OF MOTIVATION

MAJOR QUESTION

How would I compare and contrast the process theories of motivation?

THE BIGGER PICTURE

Process theories examine the way personal factors and situation factors influence employee motivation. You'll be considering three major process theories: equity/justice theory, expectancy theory, and goal-setting theory. Each offers unique ideas for motivating yourself or employees.

***Process theories of motivation* describe *how* various person factors and situation factors in the Organizing Framework affect motivation.** They go beyond content theories by helping you understand *why* people with different needs and levels of satisfaction behave the way they do at work.

In this section we discuss three process theories of motivation:

- Equity/justice theory
- Expectancy theory
- Goal-setting theory

Equity/Justice Theory: Am I Being Treated Fairly?

Defined generally, ***equity theory* is a model of motivation that explains how people strive for *fairness* and *justice* in social exchanges or give-and-take relationships.** According to this theory, people are motivated to maintain consistency between their beliefs and their behavior. Perceived inconsistencies create cognitive dissonance (or psychological discomfort), which in turn motivates corrective action. When we feel victimized by unfair social exchanges, the resulting cognitive dissonance prompts us to correct the situation. This can result in a change of attitude or behavior. Consider what happened when Michelle Fields, a former reporter for Breitbart News, a conservative news and opinion website and radio program, was covering a press conference for Donald Trump during the 2016 presidential campaign.

After the conference concluded, Fields approached Trump to ask him a question. She alleges that Trump campaign manager Corey Lewandowski "grabbed her by the arm and yanked her away as she attempted to ask her question." Photos revealed bruises on the reporter's arm. Ben Terris, a reporter from *The Washington Post,* witnessed the incident and confirmed that Lewandowski grabbed Fields.

On November 18, 2015, Michelle Fields, on the left of Donald Trump, approached Trump to ask a question. She was allegedly grabbed by Trump's then campaign manager, Corey Lewandowski, shown behind and right of Trump, following a press conference. The response from Breitbart, her employer, created such feelings of inequity that Fields ultimately resigned. Feelings of inequity can stimulate high levels of motivation to resolve the inequity. © Richard Graulich/Newscom

A senior editor-at-large from Breitbart concluded the event could not have taken place the way Fields described it, despite the eyewitness account and Lewandowski's admission that he had grabbed her. The editor then instructed Breitbart staffers "not to publicly defend their colleague," according to *The Washington Post.* Fields felt betrayed. This created dissonance between her positive views of the organization and the lack of support she received from management. She told a *Post* reporter, "I don't think they [management] took my side. They were protecting Trump more than me."[41] She resigned, as did her managing editor in support of Fields.

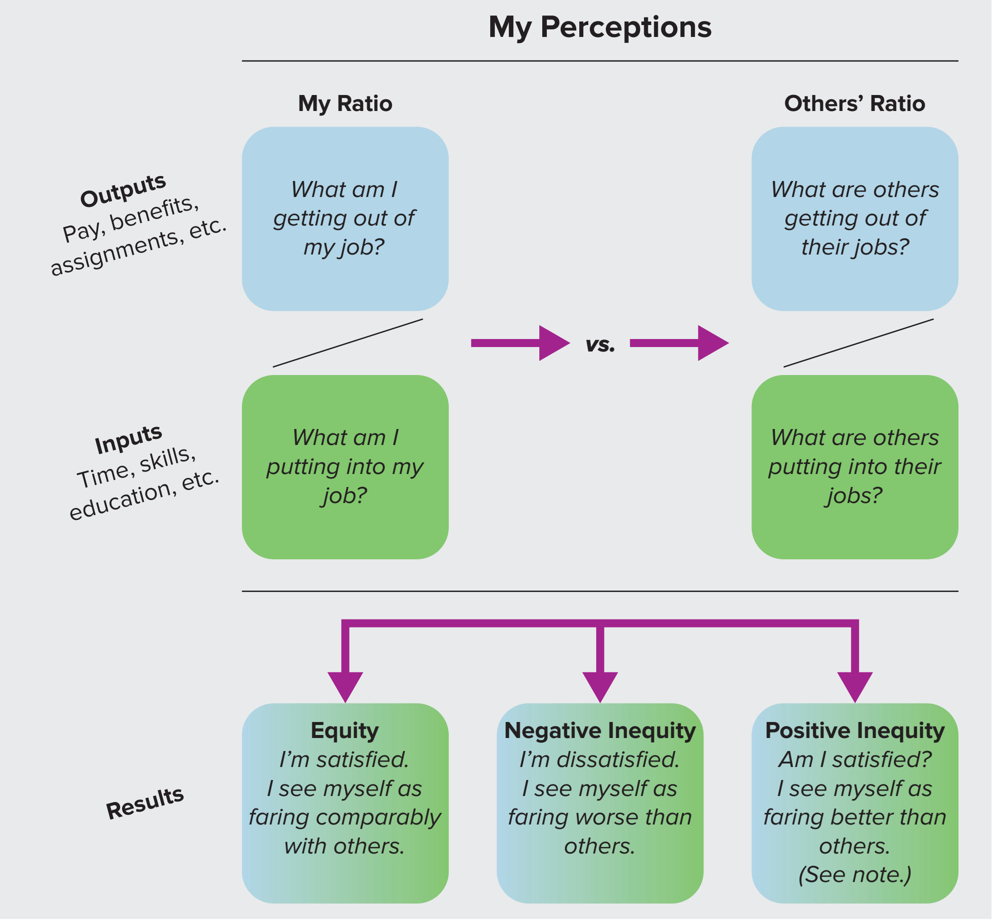
Psychologist J. Stacy Adams pioneered the use of equity theory in the workplace. Let us begin by discussing his ideas and their current application. We then discuss the extension of equity theory into *justice theory* and conclude by discussing how to motivate employees with both these tools.

The Elements of Equity Theory: Comparing My Outputs and Inputs with Those of Others The key elements of equity theory are outputs, inputs, and a comparison of the ratio of outputs to inputs (see Figure 5.6).

- **Outputs—"What do I perceive that I'm getting out of my job?"** Organizations provide a variety of outcomes for our work, including pay/bonuses, medical benefits, challenging assignments, job security, promotions, status symbols,

FIGURE 5.6 ELEMENTS OF EQUITY THEORY

Equity theory compares how well you are doing to how well others are doing in similar jobs. Instead of focusing just on what you get out of the job (outputs) or what you put into the job (inputs), equity theory compares your ratio of outputs to inputs to those of others.



Note: Does positive inequity result in satisfaction? Some of us may feel so. But J. Stacy Adams recognized that employees often feel guilty about positive inequity, just as they might become angry about negative inequity. Your positive inequity is others' negative inequity. If your coworkers saw you as being favored unfairly in a major way, wouldn't they be outraged? How effective could you be in your job then?

recognition, and participation in important decisions. Outcomes vary widely, depending on the organization and our rank in it.

- **Inputs—"What do I perceive that I'm putting into my job?"** An employee's inputs, for which he or she expects a just return, include education/training, skills, creativity, seniority, age, personality traits, effort expended, experience, and personal appearance.
- **Comparison—"How does my ratio of outputs to inputs compare with those of relevant others?"** Your feelings of equity come from your evaluation of whether you are receiving adequate rewards to compensate for your collective inputs. In practice people perform these evaluations by comparing the perceived fairness of their output-to-input ratio to that of relevant others (see Figure 5.6). They divide outputs by inputs, and the larger the ratio, the greater the expected benefit. This comparative process was found to generalize across personalities and countries.[42]

People tend to compare themselves to other individuals with whom they have close interpersonal ties, such as friends, and to whom they are similar, such as people performing the same job or individuals of the same gender or educational level, rather than to dissimilar others. For example, we work for universities, so we consider our pay relative to that of other business professors, not the head football coach.

The Outcomes of an Equity Comparison Figure 5.6 shows the three different equity relationships resulting from an equity comparison: equity, negative inequity, and positive inequity. Because equity is based on comparing *ratios* of outcomes to inputs, we will not necessarily perceive inequity just because someone else receives greater rewards. If the other person's additional outcomes are due to his or her greater inputs, a sense of equity may still exist. However, if the comparison person enjoys greater outcomes for similar inputs, *negative inequity* will be perceived. On the other hand, a person will experience *positive inequity* when his or her outcome-to-input ratio is greater than that of a relevant comparison person.

People tend to have misconceptions about how their pay compares to that of their colleagues. These misconceptions can create problems for employers. Consider the implications of results from a recent study of 71,000 employees. Thirty-five percent of those who were paid *above the market—positive inequity*—believed they were underpaid, while only 20 percent correctly perceived that they were overpaid. Similarly, 64 percent of the people paid *at the market rate—equity*—believed they were underpaid.[43] In both these cases, significant numbers of equitably treated people perceived a state of inequity. If management fails to correct these perceptions, it should expect lower job satisfaction, commitment, and performance.

The Elements of Justice Theory: Distributive, Procedural, and Interactional Justice Beginning in the later 1970s, researchers began to expand the role of equity theory in explaining employee attitudes and behavior. This led to a domain of research called *organizational justice.* Organizational justice reflects the extent to which people perceive they are treated fairly at work. This, in turn, led to the identification of three different components of organizational justice: distributive, procedural, and interactional.[44]

- ***Distributive justice*** **reflects the perceived fairness of the way resources and rewards are distributed or allocated.** Do you think fairness matters when it comes to the size of people's offices? Robert W. Baird & Co., a financial services firm ranked as *Fortune's* sixth-best place to work in 2016, did. The company decided to make everyone's office the same size in its newly renovated headquarters.[45]
- ***Procedural justice*** **is the perceived fairness of the process and procedures used to make allocation decisions.**
- ***Interactional justice*** **describes the "quality of the interpersonal treatment people receive when procedures are implemented."**[46] Interactional justice does not pertain to the outcomes or procedures associated with decision making. Instead it focuses on whether people believe they are treated fairly when decisions are being implemented.

Tools exist to help us improve our ability to gauge the level of fairness or justice that exists in a current or past job. Try Self-Assessment 5.2. It contains part of a survey developed to measure employees' perceptions of fair interpersonal treatment. If you perceive your work organization as interpersonally unfair, you are probably dissatisfied and have contemplated quitting. In contrast, your organizational loyalty and attachment are likely greater if you believe you are treated fairly at work.

connect SELF-ASSESSMENT 5.2

Measuring Perceived Interpersonal Treatment

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 5.2 in Connect.

1. Does the level of fairness you perceive correlate to your work attitudes such as job satisfaction and organizational commitment?
2. What is causing your lowest level of perceived fairness? Can you do anything to change these feelings?
3. What do these results suggest about the type of company you would like to work for after graduation?

The Outcomes Associated with Justice Doesn't it make sense that your perceptions of justice are related to outcomes in the Organizing Framework? Of course! This realization has generated much research into organizational justice over the last 25 years. We created Figure 5.7 to summarize these research findings. The figure shows the strength of relationships between nine individual-level outcomes and the three components of organizational justice. By and large, distributive and procedural justice have consistently stronger relationships with outcomes. This suggests that managers would be better off paying attention to these two forms of justice. In contrast, interactional justice is not a leading indicator in any instance.

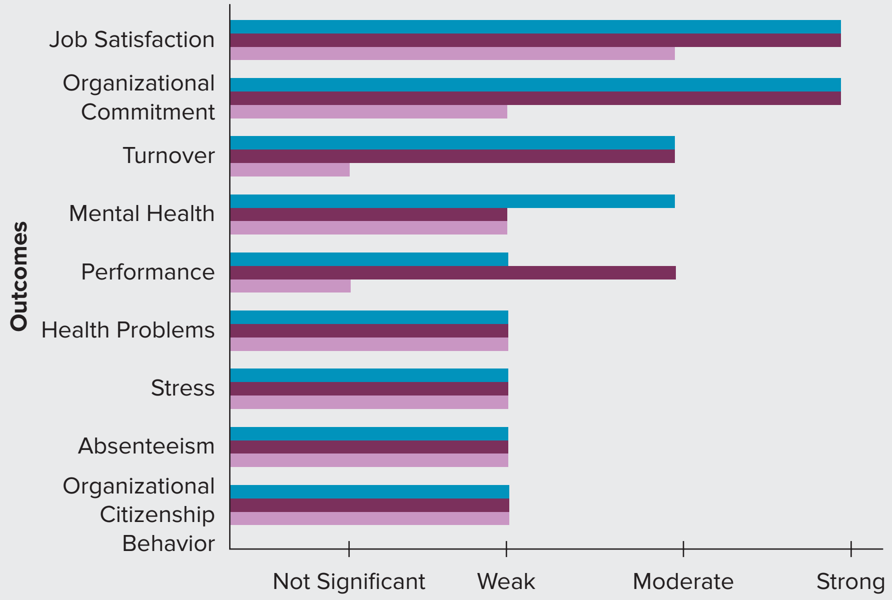
You can also see that certain outcomes, such as job satisfaction and organizational commitment, have stronger relationships with justice. All told, however, the majority of relationships between justice and important OB outcomes are weak. This reinforces the conclusion that motivating people via justice works for some outcomes but not for others.

Using Equity and Justice Theories to Motivate Employees Figure 5.7 notwithstanding, managers can't go wrong by paying attention to employees' perceptions of equity and justice at work. Here are five practical lessons to help you apply equity and justice theories.

1. **Employee perceptions count.** No matter how fair management thinks the organization's policies, procedures, and reward system are, each employee's *perception* of the equity of those factors is what counts. For example, females were found to be more sensitive to injustice when it came to procedural and distributive issues regarding rewards.[47] Further, justice perceptions can change over time.[48] This implies that it is important for managers to regularly assess employees' justice beliefs. Companies tend to do this by using annual employee work attitude surveys.
2. **Employees want a voice in decisions that affect them.** Employees' perceptions of justice are enhanced when they have a voice in the decision-making process. ***Voice*** **is "the discretionary or formal expression of ideas, opinions, suggestions, or alternative approaches directed to a specific target inside or outside of the organization with the intent to change an objectionable state of affairs and to improve the current functioning of the organization."**[49] Managers are encouraged to seek employee input on organizational issues that are important to employees, even though many employees are reluctant to use their "voice." Mission Produce Inc., a large producer of avocados, took this recommendation to heart. According to HR chief Tracy Malmos, the company

FIGURE 5.7 OUTCOMES ASSOCIATED WITH JUSTICE COMPONENTS

The three components of organizational justice have varying effects on workplace outcomes, listed here in rough order from strongest to weakest. Note that job satisfaction and organizational commitment lead the list and most strongly align with justice components.



Distributive Justice
Significant correlation to all outcomes and is mostly coequal with procedural justice in effect. It is the main leading indicator as to mental health. Only in performance is it a lagging indicator.

Procedural Justice
Significant correlation to all outcomes and is mostly coequal with distributive justice in effect. It is the main leading indicator as to performance. Only in mental health is it a lagging indicator.

Interactional Justice
Weakest correlation to all outcomes, as it is lagging behind or at best coequal to other indicators. For two outcomes (turnover and performance) it is not even significant. However, interactional justice remains of moderate significance in performance, and for some employees it could be significant across all categories.

SOURCE: J. M. Robbins, M. T. Ford, and L. E. Tetrick, "Perceived Unfairness and Employee Health: A Meta-Analytic Integration," *Journal of Applied Psychology,* March 2012, 235–272; N. E. Fassina, D. A. Jones, and K. L. Uggerslev, "Meta-Analytic Tests of Relationships between Organizational Justice and Citizenship Behavior: Testing Agent-System and Shared-Variance Models," *Journal of Organizational Behavior,* August 2008, 805–828; Y. Chen-Charash and P. E. Spector, "The Role of Justice in Organizations: A Meta-Analysis," *Organizational Behavior and Human Decision Processes,* November 2001, 278–321; and J. A. Colquitt, D. E. Conlon, M. J. Wesson, C. O. L. H. Porter, and K. Y. Ng, "Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research," *Journal of Applied Psychology,* June 2001, 426.

"implemented a pay structure in response to young employees' requests to 'take the mystery out of compensation.'"[50] Managers can overcome these roadblocks to gaining employee input by creating a voice climate. **A *voice climate* is one in which employees are encouraged to freely express their opinions and feelings.**[51]

3. **Employees should have an appeals process.** Employees should be given the opportunity to appeal decisions that affect their welfare. This opportunity fosters perceptions of distributive and procedural justice.
4. **Leader behavior matters.** Employees' perceptions of justice are strongly influenced by their managers' leadership behavior and the justice-related implications of their decisions, actions, and public communications. For example, employees at Honeywell felt

better about being asked to take furloughs—in which they go on unpaid leave but remain employed—when they learned that David Cote, the company's chair and CEO, did not take his $4 million bonus during the time employees were furloughed.[52]

5. **A climate for justice makes a difference.** Team performance was found to be higher in companies that possessed a climate for justice.[53] Do you think it's OK for customers to yell at retail or service employees or treat them rudely? We don't! A climate for justice incorporates relationships between employees and customers. Employees are more likely to provide poor customer service when managers allow customers to treat employees rudely or disrespectfully.[54]

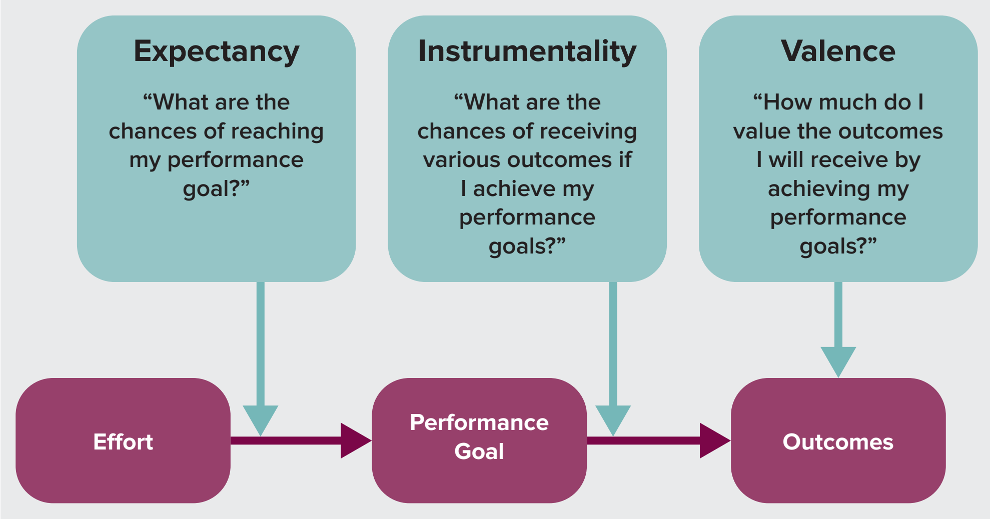
And as for you? You can work to improve equity ratios through your behavior or your perceptions. For example, you could work to resolve negative inequity by asking for a raise or a promotion (raising your outputs) or by working fewer hours or exerting less effort (reducing your inputs). You could also resolve the inequity cognitively, by adjusting your perceptions of the value of your salary or other benefits (outcomes) or the value of the actual work you and your coworkers do (inputs).

Expectancy Theory: Does My Effort Lead to Desired Outcomes?

***Expectancy theory* holds that people are motivated to behave in ways that produce desired combinations of expected outcomes.** Generally, expectancy theory can predict behavior in any situation in which a choice between two or more alternatives must be made. For instance, it can predict whether we should quit or stay at a job, exert substantial or minimal effort at a task, and major in management, computer science, accounting, marketing, psychology, or communication.

Are you motivated to climb Mt. Everest? Expectancy theory suggests you would not be motivated to pursue this task unless you believed you could do it and you believed the rewards were worth the effort and risks. Erik Weihenmayer, shown climbing, was motivated to pursue his quest to become the first blind person to reach the summit. He made it! It is truly amazing what one can achieve when motivation is coupled with ability. © AF archive/Alamy

FIGURE 5.8 MAJOR ELEMENTS OF EXPECTANCY THEORY



The most widely used version of expectancy theory was proposed by Yale professor Victor Vroom. We now consider the theory's key elements and recommendations for its application.

The Elements of Vroom's Expectancy Theory: Expectancy, Instrumentality, and Valence Motivation, according to Vroom, boils down to deciding how much effort to exert in a specific task situation. This choice is based on a two-stage sequence of expectations—moving from effort to performance and then from performance to outcome. Figure 5.8 shows the major components of this theory.

Let us consider the three key elements of Vroom's theory.

1. **Expectancy—"Can I achieve my desired level of performance?" An *expectancy* represents an individual's belief that a particular degree of effort will be followed by a particular level of performance.** Expectancies take the form of subjective probabilities. As you may recall from a course in statistics, probabilities range from zero to one. An expectancy of zero indicates that effort has no anticipated impact on performance, while an expectancy of one suggests performance is totally dependent on effort.

   EXAMPLE Suppose you do not know how to use Excel. No matter how much effort you exert, your perceived probability of creating complex spreadsheets that compute correlations will be zero. If you decide to take an Excel training course and practice using the program a couple of hours a day for a few weeks (high effort), the probability that you will be able to create spreadsheets that compute correlations will rise close to one.

   Research reveals that employees' expectancies are affected by a host of factors. Some of the more important ones include self-efficacy, time pressures, task difficulty, ability and knowledge, resources, support from peers, leader behavior, and organizational climate.[55]

2. **Instrumentality—"What intrinsic and extrinsic rewards will I receive if I achieve my desired level of performance?" *Instrumentality* is the perceived relationship between performance and outcomes.** It reflects a person's belief that a particular outcome is contingent on accomplishing a specific level of performance. Passing exams, for instance, is instrumental in graduating from college, or put another way, graduation is contingent on passing exams. Twitter decided to make bonuses instrumental in employees' staying around. That's right! Because too many employees were leaving, some were offered bonuses ranging from $50,000 to $200,000 just for remaining at the company for six to 12 months.[56] The Problem-Solving Application

box illustrates how various boards of directors are reducing the instrumentality between CEO pay and corporate performance. Do you think this is a good idea?

3. **Valence—"How much do I value the rewards I receive?"** ***Valence*** **describes the positive or negative value people place on outcomes.** Valence mirrors our personal preferences. For example, most employees have a positive valence for receiving additional money or recognition. In contrast, being laid off or being ridiculed for making a suggestion would likely be negative valence for most individuals. In Vroom's expectancy model, *outcomes* are consequences that are contingent on performance, such as pay, promotions, recognition, or celebratory events. For example, Aflac hosted a six-day appreciation week for employees that included theme park visits, movie screenings, and daily gifts.[57] Would you value these rewards? Your answer will depend on your individual needs.

Problem-Solving Application

Corporate Boards Decide to Lower the Instrumentalities between CEO Performance and Pay

Alpha Natural Resources, a coal producer, gave CEO Kevin Crutchfield a $528,000 bonus after having the largest financial loss in the company's history. The board said it wanted to reward him for his "tremendous efforts" in improving worker safety. This "safety bonus" was not tied to any corporate goals, and the company had never before paid a specific bonus just for safety.

The board at generic drugmaker Mylan made a similar decision, giving CEO Robert Coury a $900,000 bonus despite poor financial results. The board felt the results were due to factors like the European sovereign-debt crisis and natural disasters in Japan. Not to be outdone, the board at Nationwide Mutual Insurance doubled its CEO's bonus, "declaring that claims from U.S. tornadoes shouldn't count against his performance metrics."

The New York Times reported that former Walmart US CEO Bill Simon also was rewarded for missing his goals. He was promised a bonus of $1.5 million if US net sales grew by 2 percent. Net sales ultimately grew by 1.8 percent, but the company still paid the bonus. The *Times* said this occurred because the company "corrected for a series of factors that it said were beyond Simon's control." Hourly wage bonuses for Walmart associates who perform below expectations are zero. Apparently, what's good for the company's CEO is not good for associates.[58]

Is It Good to Relax Instrumentalities between Performance and Pay? Companies relax instrumentalities between performance and pay because they want to protect executives from being accountable for things outside their control, like a tornado or rising costs in natural resources. While this may make sense, it leaves open the question of what to do when good luck occurs instead of bad. Companies do not typically constrain CEO pay when financial results are due to good luck. Blair Jones, an expert on executive compensation, noted that changing instrumentalities after the fact "only works if a board is willing to use it on the upside and the downside. . . . If it's only used for the downside, it calls into question the process."[59]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case.

Step 2: Identify the cause of the problem. Did the companies featured in this case use the principles of expectancy theory?

Step 3: Make a recommendation to the compensation committees at these companies. Should CEOs and hourly workers be held to similar rules regarding bonuses?

According to expectancy theory, your motivation will be high when all three elements in the model are high. If any element is near zero, your motivation will be low. Whether you apply this theory to yourself or managers apply it to their employees, the point is to simultaneously consider the status of all three elements.

TAKE-AWAY APPLICATION

Applying Expectancy Theory

This activity focuses on a past work- or school-related project that was unsuccessful or that you consider a failure. Identify one such project and answer the following questions.

1. What was your expectancy for successfully completing the failed project? Use a scale from 1 (very low) to 5 (very high).
2. What were the chances you would receive outcomes you valued had you successfully completed the project? Again use a scale from 1 (very low) to 5 (very high).
3. Considering the above two answers, what was your level of motivation? Was it high enough to achieve your performance goals?
4. What does expectancy theory suggest you could have done to improve your chances of successfully completing the project? Provide specific suggestions.
5. How might you use the above steps to motivate yourself in the future?

Using Expectancy Theory to Motivate Employees There is widespread agreement that attitudes and behavior are influenced when organizations link rewards to targeted behaviors. For example, a study of college students working on group projects showed that group members put more effort into their projects when instructors "clearly and forcefully" explained how high levels of effort lead to higher performance—an expectancy—and that higher performance results in positive outcomes like higher grades and better camaraderie—instrumentalities and valence outcomes.[60]

Expectancy theory has important practical implications for individual managers and organizations as a whole (see Table 5.1). Three additional recommendations are often

TABLE 5.1 MANAGERIAL AND ORGANIZATIONAL IMPLICATIONS OF EXPECTANCY THEORY

For Managers	For Organizations
• Determine the outcomes employees value.	• Reward people for desired performance, and do not keep pay decisions secret.
• Identify good performance so appropriate behaviors can be rewarded.	• Design challenging jobs.
• Make sure employees can achieve targeted performance levels.	• Tie some rewards to group accomplishments to build teamwork and encourage cooperation.
• Link desired outcomes to targeted levels of performance.	• Reward managers for creating, monitoring, and maintaining expectancies, instrumentalities, and outcomes that lead to high effort and goal attainment.
• Make sure changes in outcomes are large enough to motivate high effort.	• Monitor employee motivation through interviews or anonymous questionnaires.
• Monitor the reward system for inequities.	• Accommodate individual differences by building flexibility into the motivation program.

overlooked. First, establish the right goal. Our consulting experience reveals that people fail at this task more often than you might imagine. Second, remember that you can better keep behavior and performance on track by creating more opportunities to link performance and pay. Shutterfly Inc. makes it possible for employees to receive bonuses four times a year. App designer Solstice Mobile also uses quarterly (not annual) reviews to reward high performers with promotions and bonuses.[61] Finally, monetary rewards must be large enough to generate motivation, and this may not be the case for annual merit raises in the U.S. The average merit raise was around 3 percent the last five years. To overcome this limitation, organizations are starting to eliminate merit raises and replace them with bonuses only for high performers.[62]

The following Problem-Solving Application illustrates expectancy theory in action at Westwood High School in Mesa, Arizona.

Problem-Solving Application

A High School Principal Uses Principles of Expectancy Theory to Motivate Students

Tim Richard, principal at Westwood High School, decided to use a motivational program he called "Celebration" to improve the grades of 1,200 students who were failing one or more courses. The school has a total of 3,000 students.

How Does the Program Work? "Students are allowed to go outside and have fun with their friends for 28 minutes on four mornings a week," the principal explained to the local newspaper. "But those who have even one F must stay inside for 'remediation'—28 minutes of extra study, help from peer tutors, or meetings with teachers." Richard, who successfully implemented the program at a smaller high school, believes the key to motivating students is to link a highly valued reward—socializing with friends outside—with grades. Socializing includes playing organized games, dancing and listening to music, eating snacks, and just plain hanging out. Results suggest the program is working.

Positive results were found within two to three months of the motivation program's start. The number of students with failing grades dropped to 900. The principal's goal is to achieve zero failing grades by the end of the year.

What Is the Student Reaction? Students like the program. Ivana Baltazar, a 17-year-old senior, said, "You really appreciate Celebration after you have been in remediation." She raised an F in economics to a B after receiving help. Good academic students like Joseph Leung also like the program. Leung is a tutor to students with failing grades. He believes that "the tricky part is getting people out of the mind-set that they can't succeed. . . . A lot of times they just haven't done their homework. I try to help them understand that the difference between a person passing and failing is their work ethic."[63]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem Tim Richard is trying to address.

Step 2: Identify the causes. What OB concepts or theories are consistent with Richard's motivational program?

Step 3: Make recommendations for fixing the problem. Do you agree with Richard's approach to improving student performance? Why or why not?

Goal-Setting Theory: How Can I Harness the Power of Goal Setting?

Michael Phelps, seen here at the FINA Swimming World Championships in Melbourne, Australia in 2007, set a goal for the 2016 Rio Olympics that included winning more gold medals. His goal was achieved and he now has 28 medals, including 23 gold. Phelps is the most decorated Olympian in history. © Patrick B. Kraemer/EPA/Newscom

Regardless of the nature of their specific achievements, successful people tend to have one thing in common: Their lives are goal-oriented. This is as true for politicians seeking votes as it is for world-class athletes like Michael Phelps. Research also supports this conclusion. The results of more than 1,000 studies from a wide range of countries clearly show that goal setting helps individuals, teams, and organizations to achieve success.[64]

Next we review goal setting within a work context and then explain the mechanisms that make goal setting so effective. We will discuss the practical applications of goal setting in Chapter 6.

Edwin Locke and Gary Latham's Theory of Goal Setting After studying four decades of research on goal setting, two OB experts, Edwin Locke and Gary Latham, proposed a straightforward theory of goal setting. Here is how it works.[65]

- **Goals that are specific and difficult lead to higher performance than general goals like "Do your best" or "Improve performance."** This is why it is essential to set specific, challenging goals. ***Goal specificity*** **means whether a goal has been quantified.** For example, a goal of increasing the score on your next OB test by 10 percent is more specific than the goal of trying to improve your grade on the next test.
- **Certain conditions are necessary for goal setting to work.** People must have the ability and resources needed to achieve the goal, and they need to be committed to the goal. If these conditions are not met, goal setting does not lead to higher performance. Be sure these conditions are in place as you pursue your goals.
- **Performance feedback and participation in deciding how to achieve goals are necessary but not sufficient for goal setting to work.** Feedback and participation enhance performance only when they lead employees to set and commit to a specific, difficult goal. Take Jim's Formal Wear, a tuxedo wholesaler in Illinois. "Once a week, employees meet with their teams to discuss their efforts and what changes should be made the next week. Employees frequently suggest ways to improve efficiency or save money, such as reusing shipping boxes and hangers."[66] Goals lead to higher performance when you use feedback and participation to stay focused and committed to a specific goal.
- **Goal achievement leads to job satisfaction, which in turn motivates employees to set and commit to even higher levels of performance.** Goal setting puts in motion a positive cycle of upward performance.

In sum, it takes more than setting specific, difficult goals to motivate yourself or others. You also want to fight the urge to set impossible goals. They typically lead to poor performance or unethical behavior, as they did at Volkswagen. The company has admitted to installing software on over 11 million cars that manipulated emission test results.[67] Its engineers claimed they tampered with emissions data because targets set by Martin Winterkorn, the former Volkswagen chief executive, were too difficult to achieve.[68] Set challenging but attainable goals for yourself and others.

What Are the Mechanisms Behind the Power of Goal Setting? Edwin Locke and Gary Latham, the same OB scholars who developed the motivational theory of goal setting just discussed, also identified the underlying mechanisms that explain how goals affect performance. There are four.

1. **Goals direct attention.** Goals direct our attention and effort toward goal-relevant activities and away from goal-irrelevant activities. If, for example, you have a term project due in a few days, your thoughts and actions tend to revolve around completing that project. In reality, however, we often work on multiple goals at once. Prioritize your goals so you can effectively allocate your efforts over time.[69] For example, NuStar Energy, one of the largest asphalt refiners and operators of petroleum pipelines and product terminals in the United States, has decided to give safety greater priority than profits in its goals. This prioritization paid off when the company celebrated three years of zero time off due to injuries, and corporate profits are doing just fine.[70]
2. **Goals regulate effort.** Goals have an energizing function in that they motivate us to act. As you might expect, harder goals foster greater effort than easy ones. Deadlines also factor into the motivational equation. We expend greater effort on projects and tasks when time is running out. For example, an instructor's deadline for turning in your term project would prompt you to complete it instead of going out with friends, watching television, or studying for another course.
3. **Goals increase persistence.** Within the context of goal setting, persistence represents the effort expended on a task over an extended period of time. It takes effort to run 100 meters; it takes persistence to run a 26-mile marathon. One of your textbook authors—Angelo Kinicki—knows this because he ran a marathon. What an experience! His goal was to finish in 3 hours 30 minutes. A difficult goal like this served as a reminder to keep training hard over a three-month period. Whenever he wanted to stop training or run slow sprints, his desire to achieve the goal motivated him. Although he missed his goal by 11 minutes, it still is one of his proudest accomplishments. This type of persistence happens when the goal is personally important.
4. **Goals foster the development and application of task strategies and action plans.** Goals prompt us to figure out how we can accomplish them. This begins a cognitive process in which we develop a plan outlining the steps, tasks, or activities we must undertake. For example, teams of employees at Tornier, a medical device manufacturer in Amsterdam, meet every 45, 60, or 90 days to create action plans for completing their goals. Implementation of the plans can take between six and 18 months depending on the complexity of the goal.[71] Setting and using action plans also reduces procrastination. If this is sometimes a problem for you, break your goals into smaller and more specific subgoals.[72] That will get you going.

TAKE-AWAY APPLICATION

Increasing My Success via Goal Setting

1. Set a goal for performance on the next exam in this class by filling in the following statement. "I want to increase my score on my next exam by ____ percent over the score on my previous exam." If you have not had an exam yet, pick a percentage grade you would like to achieve on your first exam.
2. Create a short action plan by listing four or five necessary tasks or activities to help you achieve your goal. Identify actions that go beyond just reading the text.
3. Identify how you will assess your progress in completing the tasks or activities in your action plan.
4. Now work the plan, and get ready for success.

5.4 MOTIVATING EMPLOYEES THROUGH JOB DESIGN

MAJOR QUESTION

How are top-down approaches, bottom-up approaches, and “idiosyncratic deals” similar and different?

THE BIGGER PICTURE

Job design focuses on motivating employees by considering the situation factors within the Organizing Framework for Understanding and Applying OB. Objectively, the goal of job design is to structure jobs and the tasks needed to complete them in a way that creates intrinsic motivation. We’ll look at how potential motivation varies depending on who designs the job: management, you, or you in negotiation with management.

> “Ten hours [a day] is a long time just doing this. . . . I’ve had three years in here and I’m like, I’m going to get the hell out. . . . It’s just the most boring work you can do.”
>
> —*Ford autoworker*

> “I love my job. . . . I’ve learned so much. . . . I can talk with biochemists, software engineers, all these interesting people. . . . I love being independent, relying on myself.
>
> —*Corporate headhunter*

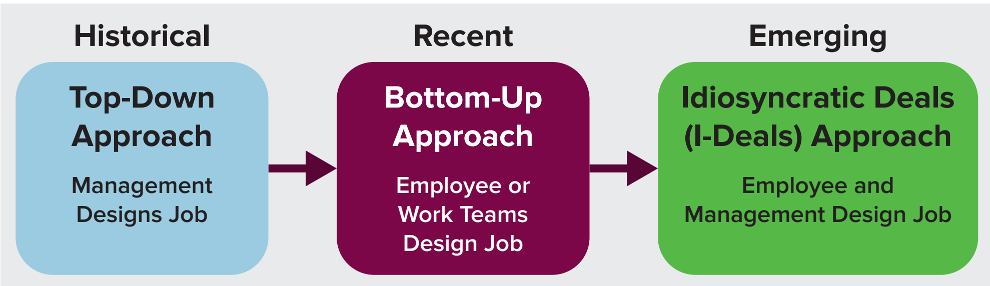
> “We see about a hundred injuries a year and I’m amazed there aren’t more. The main causes are inexperience and repetition. . . . People work the same job all the time and they stop thinking.”
>
> —*Slaughterhouse human resources director*

These quotations reflect the different outcomes that can result from job design.[73] ***Job design,*** **also referred to as *job redesign* or *work design,* refers to any set of activities that alter jobs to improve the quality of employee experience and level of productivity.** As you can see from this definition, job design focuses on motivating employees by considering the situation factors within the Organizing Framework.

Figure 5.9 summarizes the approaches to job design that have developed over time.[74]

- **Top-down.** Managers changed employees’ tasks with the intent of increasing motivation and productivity. In other words, job design was management led.

FIGURE 5.9 HISTORICAL MODELS OF JOB DESIGN



- **Bottom-up.** In the last 10 years, the top-down perspective gave way to bottom-up processes, based on the idea that employees can change or redesign their own jobs and boost their own motivation and engagement. Job design is then driven by employees rather than managers.
- **I-deals.** The latest approach to job design, *idiosyncratic deals,* attempts to merge the two historical perspectives. It envisions job design as a process in which employees and individual managers jointly negotiate the types of tasks employees complete at work.

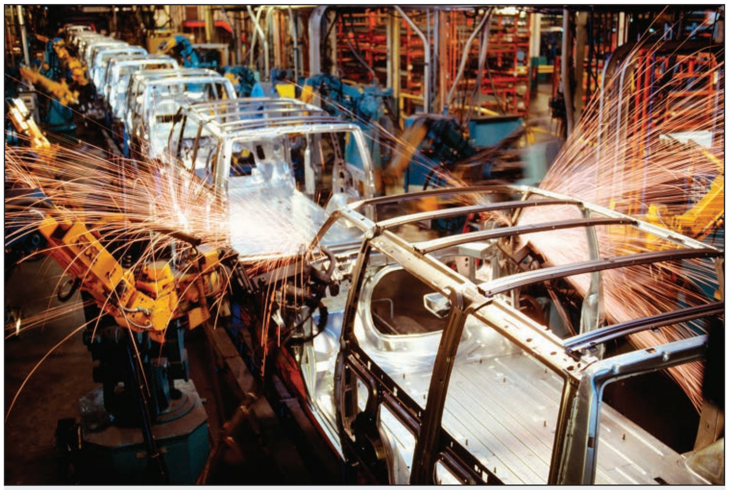
This section provides an overview of these three conceptually different approaches to job design.[75] We give more coverage to top-down techniques and models because they have been used for longer periods of time and more research is available to evaluate their effectiveness.

Top-Down Approaches—Management Designs Your Job

In top-down approaches, management creates efficient and meaningful combinations of work tasks for employees. If it is done correctly, in theory, employees will display higher performance, job satisfaction, and engagement, and lower absenteeism and turnover. The five principal top-down approaches are scientific management, job enlargement, job rotation, job enrichment, and the job characteristics model.

Scientific Management Scientific management draws from research in industrial engineering and is most heavily influenced by the work of Frederick Taylor (1856–1915). Taylor, a mechanical engineer, developed the principles of scientific management based on research and experimentation to determine the most efficient way to perform jobs. ***Scientific management*** **is "that kind of management which conducts a business or affairs by standards established by facts or truths gained through systematic observation, experiment, or reasoning."**[76]

Designing jobs according to the principles of scientific management has both positive and negative consequences. Positively, employee efficiency and productivity are increased. On the other hand, research reveals that simplified, repetitive jobs also lead to job dissatisfaction, poor mental health, higher levels of stress, and a low sense of



This automotive assembly line, which is using robotics, is a great example of scientific management. The principles of scientific management have aided auto manufacturers to produce cars more efficiently and with higher quality. © Glow Images RF accomplishment and personal growth.[77] Recognition of these negative consequences paved the way for the next four top-down approaches.

Job Enlargement Companies first used job enlargement in the late 1940s in response to complaints about tedious and overspecialized jobs created from the principles of scientific management. ***Job enlargement*** **puts more variety into a worker's job by combining specialized tasks of comparable difficulty.** Some call this strategy *horizontally loading* the job. Researchers recommend using job enlargement as part of a broader approach that uses multiple motivational methods, because by itself job enlargement does not have a significant and lasting positive effect on job performance.[78]

Job Rotation Like job enlargement, job rotation gives employees greater variety in their work. ***Job rotation*** **calls for moving employees from one specialized job to another.** Rather than performing only one job, workers are trained and given the opportunity to perform two or more separate jobs on a rotating basis. Proposed benefits of job rotation include the following:[79]

- Increased engagement and motivation because employees have a broader perspective on the organization.
- Increased worker flexibility and easier scheduling because employees are cross-trained to perform different jobs.
- Increased employee knowledge and abilities, which improves employees' promotability and builds a pipeline of internal talent.

More companies are now hiring new college graduates into "rotational programs," which allow them to work in different functional areas for short periods and learn many different parts of the business along the way. Finally, the technique of job rotation has evolved into *job swapping,* more common among senior-level managers. (See the OB in Action box.)

OB in Action

Job Swapping Is the Latest Application of Job Rotation

Job swapping can take place both externally, when people from different firms swap jobs, and internally, when employees within one company exchange jobs.

External Job Swapping Nadim Hossain, vice president of marketing at San Francisco-based PowerReviews, went to a recent meeting in which he met with a marketing team and provided input on a proposed ad. Interestingly, he did not do this for his employer. *Fortune* magazine reported on what he was up to: "He traded roles for the day with Jon Miller, VP of marketing and co-founder of San Mateo, California, software firm Marketo, hoping to gain some insight into his own role by experiencing someone else's." This experiment is an example of an external job swap. Both individuals felt they benefited from the experience. Hossain said he got many ideas about how to motivate his sales team, and Miller left with a better idea of the challenges faced by chief marketing officers.[80]

Another swap exchanged Rick Gill, a medical doctor, and Kevin Stephens, a farmer. The program was initiated by the Pike County, Alabama, Chamber of

Commerce to help citizens appreciate the impact of different jobs on the county's well-being. Dr. Gill spent a day on a farm, doing work that included picking cotton. Stephens' time at the doctor's office included removing staples from an incision and completing other small medical tasks. Both individuals raved about the experience and noted that it increased their appreciation for someone else's job. This type of swap has taken place each year since 1986.[81]

Internal Job Swapping Terri Lodwick, president of All American Window and Door Co. in Germantown, Wisconsin, began the company's job swap program in 2001. Her reason? "We wanted to give everybody a hands-on view of each others' job duties, [so they could gain] a greater appreciation and understanding of each team member. We also wanted to strengthen our customer service and take [our company] to the next level of excellence," she said.

All Lodwick's employees ultimately swap jobs for up to 40 hours per year. A typical swap lasts four hours, and employees are encouraged to swap with people across all company departments. The company attempts to make the process meaningful and practical by having employees complete a short questionnaire after each swap. Sample questions include: "What did you learn/observe today? What suggestions do you have for the process you observed?"

Lodwick noted that the program led to increased productivity, teamwork, and customer service. It also was a prime contributor to the company's receipt of several business awards.[82]

YOUR THOUGHTS?

1. What are the pros and cons of job swaps?
2. What would be your ideal job swap?
3. If you managed a business, how would you feel about this option for your employees?

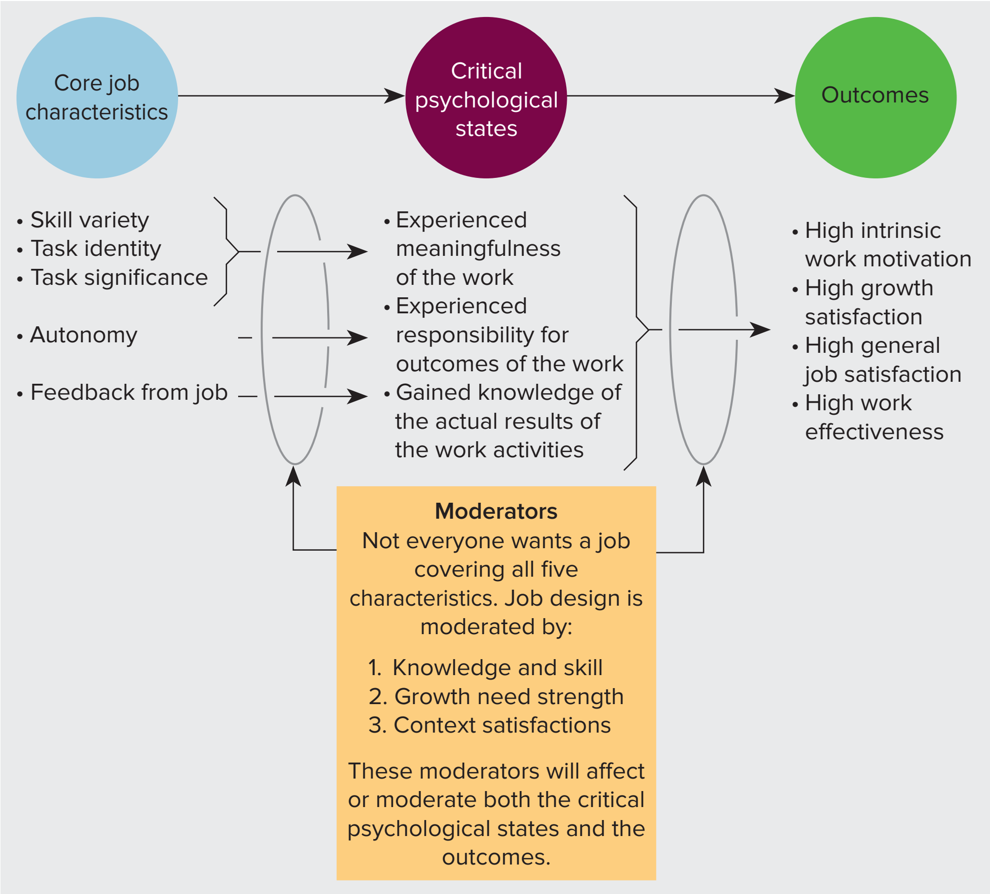
Job Enrichment Job enrichment is the practical application of Frederick Herzberg's motivator-hygiene theory of job satisfaction, discussed earlier in this chapter. Specifically, ***job enrichment*** **modifies a job such that an employee has the opportunity to experience achievement, recognition, stimulating work, responsibility, and advancement.** These characteristics are incorporated into a job through *vertical loading*. Rather than giving employees additional tasks of similar difficulty (*horizontal loading*), vertical loading gives them more autonomy and responsibility. Intuit, for example, encourages employees "to spend 10 percent of their working time on projects and ideas of their own, even if they are not related to their assignments," according to *Fortune*. The company finds that this practice has led to the creation of several successful new products.[83]

The Job Characteristics Model Two OB researchers, J. Richard Hackman and Greg Oldham, played a central role in developing the job characteristics approach. They proposed that intrinsic motivation was determined by three psychological states. In turn, these psychological states were fostered by the presence of five core job characteristics (see Figure 5.10).

The goal of **the *job characteristics model* is to promote high intrinsic motivation by designing jobs that possess the five core job characteristics.** The five characteristics are as follows:

- **Skill variety.** The extent to which the job requires an individual to perform a variety of tasks that require him or her to use different skills and abilities.

FIGURE 5.10 THE JOB CHARACTERISTICS MODEL



SOURCE: J. Richard Hackman and Greg R. Oldham, *Work Redesign* (Prentice Hall Organizational Development Series), © 1980, 90.

- **Task identity.** The extent to which the job requires an individual to perform a whole or completely identifiable piece of work. Task identity is high when a person works on a product or project from beginning to end and sees a tangible result.
- **Task significance.** The extent to which the job affects the lives of other people within or outside the organization.
- **Autonomy.** The extent to which the job enables an individual to experience freedom, independence, and discretion in both scheduling and determining the procedures used in completing the job.
- **Feedback.** The extent to which an individual receives direct and clear information about how effectively he or she is performing the job.[84]

Moderators. A moderator is a variable that changes the relationship between two other variables. Hackman and Oldham proposed that there are moderators that affect the success of job design, and they are shown in the moderator box of Figure 5.10.

- *Knowledge and skill* (representing whether or not the person has the knowledge and skills to perform the enriched job).
- *Growth need strength* (representing the desire to grow and develop as an individual).
- *Context satisfactions* (representing the extent to which employees are satisfied with various aspects of their job, such as pay, coworkers, and supervision).

The takeaway is that job design is more likely to work when people have the required knowledge and skills, when they want to develop, and when they are satisfied with their jobs. Job design is not for everyone.

In Practice. Research identifies three practical implications of applying the job characteristics model.

1. Managers can increase employee job satisfaction.[85]
2. Managers can enhance employees' intrinsic motivation and performance, while reducing absenteeism and stress.[86]

   EXAMPLE Wegmans Food Markets, rated as the fourth best place to work by *Fortune* in 2016, increases autonomy by allowing employees "to write their own weekly schedule or take time off at the spur of the moment, no questions asked." Medical device maker Stryker is interested in increasing the psychological state of meaningfulness. It does this by encouraging employees to observe how customers use its products. Employees observe surgeries and attend trade shows, which enables them to see the products being applied in the field.[87]

3. Managers can find noticeable increases in the quality of performance after a job redesign program. Results from 21 experimental studies revealed that job redesign resulted in a median increase of 28 percent in the quality of performance.[88]

Bottom-Up Approaches—You Design Your Own Job

As its name suggests, bottom-up job design is driven by employees rather than managers; it is also referred to as job crafting. ***Job crafting* represents employees' attempts to proactively shape their work characteristics.**[89] The goal of job crafting is to help employees experience a sense of meaning in their jobs. This is more important than you might think. A recent survey of 20,000 employees revealed that only 36 percent felt they had meaningful work.[90]

Forms of Job Crafting Employees are viewed as "job crafters" according to the bottom-up model because they are expected to define and create their own job boundaries. Table 5.2 illustrates three forms of job crafting. The first changes the job's *task boundaries*. You can do this by taking on more or fewer tasks or by altering their scope or nature. The second form changes the *relational nature* of the job. Specifically, you can alter the quantity or quality of interactions you have with others at work, or you can establish new relationships. The third method is *cognitive crafting*. In this strategy you perceive or think differently about the existing tasks and relationships associated with your job.

Outcomes of Job Crafting The right-hand column in Table 5.2 outlines the potential impact of job crafting on employee motivation and performance. You can see that job crafting is expected to change the way employees

This employee of Swiss-based computer device producer Logitech is working on a computer mouse. He looks very focused on the task at hand. It may be that job crafting is partly behind his engagement. The company is using job crafting to increase employee engagement and job satisfaction. As part of this effort the company created a 90-minute workshop to help employees learn how to align their strengths and interests with tasks contained in their jobs.

TABLE 5.2 FORMS OF JOB CRAFTING

Changes in Approach	Example	Changes in Results
Task boundaries: Number, scope, and type of job tasks.	Design engineers engage in relational activities that move a project to completion.	Engineers are now guardians or movers of projects; they complete work in a more timely fashion.
Relational nature: Quality and/or amount of interaction with others encountered in a job.	Hospital cleaners actively care for patients and families and integrate themselves into the workflow of their floor units.	Cleaners are now helpers of the sick; they see the work of the floor unit as a vital part of an integrated whole.
Cognitive crafting: Perception of or thinking about tasks and relationships in your job.	Nurses take responsibility for all information and "insignificant" tasks so they can care more appropriately for a patient.	Nurses are now patient advocates; they provide high-quality, technical care.

SOURCE: Adapted from A. Wrzesniewski and J. E. Dutton, "Crafting a Job: Revisioning Employees as Active Crafters of Their Work," *Academy of Management Review,* April 2001, 185.

perceive their jobs. It should also result in more positive attitudes about the job, which is expected to increase employee motivation, engagement, and performance. Preliminary research supports this proposition.[91]

Computer accessories maker Logitech Inc. successfully implemented a job crafting pilot program. Jessica Amortegui, senior director of learning and development, said, "The company hopes helping employees find more intrinsic motivation in their work will be a powerful hiring draw. Logitech plans to begin using the [program] with all 3,000 of its workers."[92]

Given that job crafting can lead to higher levels of engagement and satisfaction, you may be interested in understanding how you can apply the technique to a former, current, or future job. The Self-Assessment 5.3 explores the extent to which you are applying job crafting to reduce job demands, seek resources, or seek challenges.

connect SELF-ASSESSMENT 5.3

To What Extent Have I Used Job Crafting?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 5.3 in Connect.

1. What are your strengths and weaknesses in terms of job crafting?
2. Were you happy in the job under consideration?
3. Do you think the average employee can affect all the suggestions measured in the survey? Explain.

TAKE-AWAY APPLICATION

Increasing My Motivation with Job Crafting

Use the results from Self-Assessment 5.3 to complete the following:

1. Identify three job-crafting ideas you might use to increase your intrinsic motivation.
2. Using Table 5.2, identify two additional job-crafting ideas.
3. What are the roadblocks to implementing the ideas identified in the above two steps?

Idiosyncratic Deals (I-Deals)—You Negotiate the Design of Your Job

The last approach to job design, idiosyncratic deals, represents a middle ground between top-down and bottom-up methods and attempts to overcome their limitations. For example, top-down approaches are constrained by the fact that managers cannot always create changes in task characteristics that are optimal for everyone. Similarly, job crafting is limited by the amount of latitude people have to change their own jobs. ***Idiosyncratic deals (i-deals)*** **represent "employment terms individuals negotiate for themselves, taking myriad forms from flexible schedules to career development."**[93] Although "star performers" have long negotiated special employment contracts or deals, demographic trends and the changing nature of work have created increased opportunities for more employees to negotiate i-deals.

I-deals tend to affect task and work responsibilities, schedule flexibility, location flexibility, and compensation.[94] The goal of such deals is to increase employee intrinsic motivation and productivity by allowing employees the flexibility to negotiate employment relationships that meet their own specific needs and values. RSM promotes and encourages the creation of i-deals among its 8,000 employees. The focus of its program is to create innovative and flexible ways of working.[95]

This relatively new approach to job design has begun to generate much research. Results confirm that i-deals are associated with higher perceived organizational support, job satisfaction, and perceived voice. Employees also are less likely to quit when they negotiate i-deals.[96] Future study is needed to determine the generalizability of these encouraging results.

Consider how you might one day create an i-deal for yourself. Self-Assessment 5.4 will help you think through the process.

connect SELF-ASSESSMENT 5.4

Creating an I-Deal

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 5.4 in Connect.

1. What are your strengths and weaknesses in terms of creating an i-deal?
2. Assume you are applying for a job after graduation and you want to create an i-deal. What do your results suggest that you should discuss with your potential employer?

What Did I Learn?

You learned that motivation, a key individual-level process, is influenced by inputs such as needs, perceptions of justice, expectancies and instrumentalities, goals, and job design. You learned how various theories and models of motivation can be applied by managers to improve multiple outcomes. Reinforce your learning with the Key Points below. Consolidate your learning using the Organizing Framework. Then challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 5

You learned the following key points.

5.1 THE WHAT AND WHY OF MOTIVATION

- There are two types of motivation: intrinsic and extrinsic.
- Extrinsic motivation results from the potential or actual receipt of external rewards.
- Intrinsic motivation is driven by positive internal feelings generated by doing well.

5.2 CONTENT THEORIES OF MOTIVATION

- Content theories are based on the idea that an employee's needs influence motivation. There are five key content theories.
- Douglas McGregor proposed a theory of motivation based on two opposing views of employees. Theory X people believe employees dislike work and are motivated by rewards and punishment. Theory Y people believe employees are self-engaged, committed, and responsible.
- Abraham Maslow proposed that motivation is a function of five basic needs—physiological, safety, love, esteem, and self-actualization—arranged in a prepotent hierarchy.
- David McClelland's acquired needs theory is based on the idea that motivation is a function of three basic needs: achievement, affiliation, and power.
- Self-determination theory assumes that three innate needs influence motivation: competence, autonomy, and relatedness.
- Frederick Herzberg's motivator-hygiene theory is based on the premise that job satisfaction comes from motivating factors and dissatisfaction from hygiene factors.

5.3 PROCESS THEORIES OF MOTIVATION

- Process theories attempt to describe how various person factors and situation factors affect motivation.
- Equity theory explains how people strive for fairness and justice in social exchanges. Fairness or equity is determined by comparing our outputs and inputs with those of others.
- Three key types of justice are distributive, procedural, and interactive.
- Expectancy theory assumes that motivation is determined by our perceived chances of achieving valued outcomes. The three key elements of this theory are expectancies, instrumentalities, and valence of outcomes.
- Goal-setting theory proposes that goals affect performance because they (1) direct our attention, (2) regulate effort, (3) increase persistence, and (4) encourage the development of action plans.

5.4 MOTIVATING EMPLOYEES THROUGH JOB DESIGN

- Job design theories are based on the idea that motivation is primarily influenced by the tasks people perform and the characteristics of the immediate work environment.
- Three broad approaches to job design are top-down, bottom-up, and emerging.

- The premise of top-down approaches is that management is responsible for creating efficient and meaningful combinations of work tasks for employees. Top-down approaches include scientific management, job enlargement, job rotation, job enrichment, and the job characteristics model.
- Bottom-up approaches, also referred to as job crafting, are driven by employees rather than managers. Employees create their own job boundaries.
- Emerging approaches include idiosyncratic deals (i-deals). This approach views job design as a process in which employees and managers jointly negotiate the types of tasks employees complete at work.

The Organizing Framework for Chapter 5

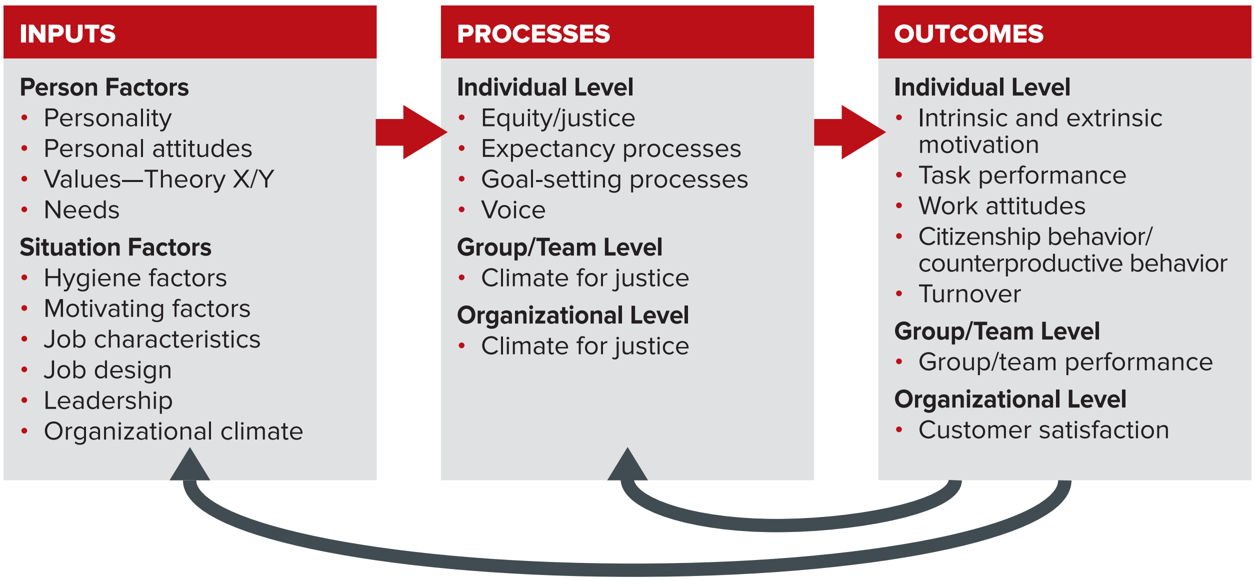
As shown in Figure 5.11, both person and situation factors influence the process of motivation. You can also see that there are more situational than personal factors influencing motivation. This underscores the importance of leadership and creating a work environment that reinforces voice and justice. Figure 5.11 further illustrates that motivational processes affect outcomes across the individual, group/team, and organizational levels.

Challenge: Major Questions for Chapter 5

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Review relevant portions of the text and your notes to answer the following major questions. With Figure 5.11 as your guide, look for inputs, processes, and outputs specific to each:

1. What is motivation and how does it affect my behavior?
2. How would I compare and contrast the content theories of motivation?
3. How would I compare and contrast the process theories of motivation?
4. How are top-down approaches, bottom-up approaches, and "idiosyncratic deals" similar and different?

FIGURE 5.11 INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

You can do five things to personally apply the material from this chapter. First, identify the needs that are important to you today, recognizing they may change over time. This can help you identify the type of work you would like to do before and after graduation. Second, if your current job is low on hygiene or motivating factors, reflect on what you can do to change this situation. You may be able to create change by talking to your boss, asking for new work assignments, or getting a different job. Third, because festering feelings of inequity are not good for you or those you interact with on a regular basis, make a plan to correct any feelings of inequity that exist in your life. Fourth, set specific, measurable goals for things you want to accomplish in your life. Develop an action plan that outlines the path to success, then be sure to reward yourself for accomplishing the goals. Finally, if your current job is unfulfilling, try to find ways to incorporate job crafting or i-deals into your work. If this does not work, you might consider changing jobs.

IMPLICATIONS FOR MANAGERS

There are seven key implications for managers. First, recognize that intrinsic motivation can have longer-lasting effects than extrinsic motivation. Try to build Herzberg's motivators into employees' work experiences. Second, acknowledging that needs drive employee motivation, find a way to determine employee needs, such as employee surveys or one-on-one meetings. Third, because some needs are innate, consider people's needs when they are first hired. Validated tests exist that will identify these. Fourth, uncover employees' perceptions about equity and justice and then correct any deficiencies, such as by administering employee surveys or exit interviews. Fifth, incorporate the principles of expectancy theory by (1) ensuring that employees believe they can accomplish their goals and (2) linking performance to rewards that individual employees value. Sixth, participate with employees in setting challenging yet attainable goals and then establish action plans. Be sure employees have the resources needed to achieve the goals. Finally, consider different ways to design jobs so they foster intrinsic motivation and meaningfulness.

PROBLEM-SOLVING APPLICATION CASE

Dan Price, CEO of Gravity Payments, Established a Minimum Salary of $70,000 for All Employees

Dan Price grew up in a family of seven, whose evangelical Christian parents homeschooled him and his siblings until they were 12. The family had strong roots in reading and studying the Bible, which was a daily activity. Price was very interested in learning the scriptures and reached the finals of a Bible-memorization contest in the fifth and sixth grades.[97]

In 2004 Price, then 19, started Gravity Payments with his brother Lucas. The brothers initially had a 50-50 stake in the company, but about 18 months later Lucas Price ended his direct involvement in the company and Dan Price became the majority owner.

Gravity Payments is a credit card processing company. According to an article about the company in *Bloomberg Businessweek*, "The day-to-day work at Gravity Payments is pretty unglamorous. Gravity is a middleman between merchants and payment networks, namely Visa and MasterCard, which in turn connect to banks that issue credit cards."[98] The office is a conglomerate of "desks and computers in bland cubicles—but the space is reorganized every six months so people can sit near different colleagues." Price does this because he doesn't want people to get too comfortable.[99]

The corporate home page describes the company as follows: "'Take care of your team, and they'll take care of your clients.' Gravity Payments recognizes the value in establishing an entrepreneurial, goal-oriented, rewarding, honest, and innovative culture, which is what makes our company such a remarkable place to work. We believe in a holistic and balanced lifestyle, supporting our team members with:

- $70,000 minimum wage
- Unlimited paid time off
- Medical, dental, and vision insurance
- Bonus opportunities
- Flannel Fridays
- Company-sponsored outings
- Volunteer opportunities
- Catered breakfasts and lunches"[100]

A survey of comments on Glassdoor reveals a combination of pros and cons about working at Gravity. A sampling of comments include the following:

Pros:

- "I have never worked for a company that cares for their customers more than Gravity. Company culture is the best I have worked with."
- "The company is built on a foundation of community and teamwork. I have built some long-lasting friendships. We are a community of people who are competitive, love to learn, and want to grow."
- "I love the team of people I work with! They value the unique skills and experience that I have, support me in accomplishing my goals, challenge me to bring my best, and inspire me to push to new heights."
- "Gravity Payments offers an incredible opportunity for employees to seize responsibility and grow personally and professionally. . . . You really do get out what you put in as far as effort being rewarded with additional responsibilities and trust."
- "Management genuinely cares about your success and professional growth. Even though people work hard . . . the environment is fun and social."

Cons:

- "It can be intimidating to work with such high quality and capable people. Personal sacrifice is often necessary to provide a high level of service and support for our customers and teammates."
- "It's no secret that this industry is tough. As a rep you have to be very driven and handle plenty of rejection."
- "Be prepared to work long hours . . ."
- "Many days are filled with rejection and apathy."
- "This is not easy work. Anyone who is just looking to do the minimum and collect their paycheck will not be happy nor successful here. Be prepared to operate at 100 percent at all times, as there is rarely down time."[101]

Price made international headlines in 2015 when he announced his plan to raise the minimum salary of his 120 employees to $70,000. At the time, the average employee salary was $48,000.

He decided to phase in the salary increase over three years. The minimum starting salary became $50,000 in 2015 and $60,000 by December 2016 and $70,000 by December 2017. Price plans to pay for this increase without raising prices to customers by reducing his own salary from about $1 million to $70,000, and by diverting about 80 percent of company profits for 2015. This strategy is critically important because profit margins are slim in this industry, and any price increases are likely to result in a loss of customers.[102]

Many employees were ecstatic at the news of the salary rise. One hundred received an immediate pay increase, and 30 saw their pay double. Others were not so happy and perceived the decision as inequitable. Maisey McMaster, a 26-year-old financial manager, said, "He gave raises to people who have the least skills and are the least equipped to do the job, and the ones who were taking on the most didn't get much of a bump." She felt it would have been fairer to give smaller increases with the opportunity to earn a future raise with more experience.

McMaster told Price about her feelings, and according to an interview in *The New York Times*, he suggested she was being selfish. She quit.

Grant Morgan had a similar reaction in his *Times* interview. "I had a lot of mixed emotions," he said. His salary was raised to $50,000 from $41,000. "Now the people who were just clocking in and out were making the same as me. It shackles high performers to less motivated team members." He also quit.

Some customers left the company because they viewed the pay increase as a political statement or a prelude to higher fees.[103]

A few key events seem to have prompted Price's decision to raise wages. One was a 2011 conversation with Jason Haley, a phone technician making about $35,000 a year. Haley told Price, "You're ripping me off." A surprised Price said, "Your pay is based on market rates." Haley shot back that "the data doesn't matter. I know your intentions are bad. You brag about how financially disciplined you are, but that just translates into me not making enough money to lead a decent life."[104] Price was shocked and upset.

Price also came to feel that pay inequality between himself and his employees was simply wrong. He told a reporter from *The New York Times* that income inequality "just eats at me inside."

According to *Bloomberg Businessweek,* Price's original pay was "atypical for a company of Gravity's size" and profitability. The company's profit was $2.2 million in 2014. *Bloomberg Businessweek* reported that "at private companies with sales like Gravity's total revenue, salary and bonus for the top quartile of CEOs is $710,000. . . . At companies with sales like Gravity's net revenue, the top quartile pay falls to about $373,000. At those with a similar number of employees as Gravity, the top quartile of CEOs makes $470,000 in salary and bonus."[105]

Price told a CNBC anchor in 2011 that he was making "probably $50,000" in 2011, which he noted was the "most I'd ever made in my life." This statement contrasts with data reported in a lawsuit filed by Lucas Price, who retains a 30 percent stake in the company. According to a reporter for Geekwire.com, "The filing discloses Price's compensation as CEO dating back five years. It says Price received $957,811 in compensation in 2010, $908,950 in 2011, and more than $2 million in 2012, which represented more than 20 percent of Gravity Payment's $9.9 million in sales that year."[106]

Price's compensation is at the heart of his brother's lawsuit, filed about a month before the wage increase was announced. Lucas Price claims Dan Price was taking millions out of the company, detracting from the financial benefits of being a minority owner.

Bloomberg Businessweek reviewed court papers and stated that the lawsuit claims Price "'improperly used his majority control of the company' to overpay himself, in the process reducing what Lucas was due. 'Daniel's actions have been burdensome, harsh and wrongful, and have shown a lack of fair dealing toward Lucas,' the suit alleges."[107] Lucas Price wants his brother to pay for damages and buy him out.

A judge ruled in July 2016 that Lucas Price had failed to "prove his claims that Dan had overpaid himself and inappropriately used a corporate credit card for personal expenses. The judge also ordered Lucas to pay Dan's legal fees," according to a reporter for *The New York Times*.[108]

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcome box of the Organizing Framework in Figure 5.11 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Identify the perspective from which you're defining the problem—is it that of Dan Price, Lucas Price, or Gravity employees?

C. Use details in the case to identify the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Explaining why helps refine and focus your thinking. Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 5.11. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 5.11 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box in Figure 5.11. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

D. To check the accuracy or appropriateness of the causes, be sure to map them onto the defined problem.

Step 3: Make recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 5 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Should Senior Executives Receive Bonuses for Navigating a Company through Bankruptcy?

Consider this report from *The Wall Street Journal:* "On the way to bankruptcy court, Lear Corp., a car-parts supplier, closed 28 factories, cut more than 20,000 jobs, and wiped out shareholders. Still, Lear sought $20.6 million in bonuses for key executives and other employees, including an eventual payout of more than $5.4 million for then-chief executive Robert Rossiter." Does this seem appropriate from a justice or expectancy theory perspective?

The US Justice Department objected to these bonuses, arguing that they violated a federal law established in 2005. The goal of the law was to restrict companies from paying bonuses to executives before and during a bankruptcy process. However, a judge ruled that the bonuses were legal because they were tied to the individuals' meeting specific earning milestones. A company spokesperson further commented that the bonuses were "customary" and "fully market competitive." Lear has subsequently rebounded, adding 23,000 jobs since completing the bankruptcy process.

The practice of giving bonuses to senior executives who navigate a company through bankruptcy is quite common. A *Wall Street Journal* study of 12 of the 100 biggest corporate bankruptcies revealed that CEOs from these firms were paid more than $350 million in various forms of compensation.

"Over the past few years, fights have erupted during a handful of Chapter 11 bankruptcy cases," the newspaper reported. "The central argument has been over whether companies are adhering to federal laws when giving their executives the extra pay." While judicial decisions regarding this issue have been mixed, consider the ethics of paying executives large bonuses when laying off workers, closing plants, and eliminating health care and retirement benefits to retirees.[109] Does this seem fair or just?

Finding Answers to Solve the Challenge

Is it ethical to pay these bonuses? Respond to each of the following options.

1. Yes. Navigating a company through bankruptcy is hard work and requires hard decisions. Executives at Lear, for example, earned those bonuses by staying with the company to shepherd it through tough times, helping to turn it around.
2. Yes, if all employees receive some sort of bonus for staying through a bankruptcy process. In other words, executives should be paid the same as other surviving employees. If everyone took a 10 percent pay cut or gets a 10 percent bonus, so should executives. What's fair for one is fair for all.
3. Absolutely not. It just is not right to close plants, displace employees, and eliminate retirement benefits while simultaneously giving executives hefty bonuses.

What is your ideal resolution to the challenge?

6 PERFORMANCE MANAGEMENT

How Can I Use Goals, Feedback, Rewards, and Positive Reinforcement to Boost Effectiveness?

Major Topics I'll Learn and Questions I Should Be Able to Answer

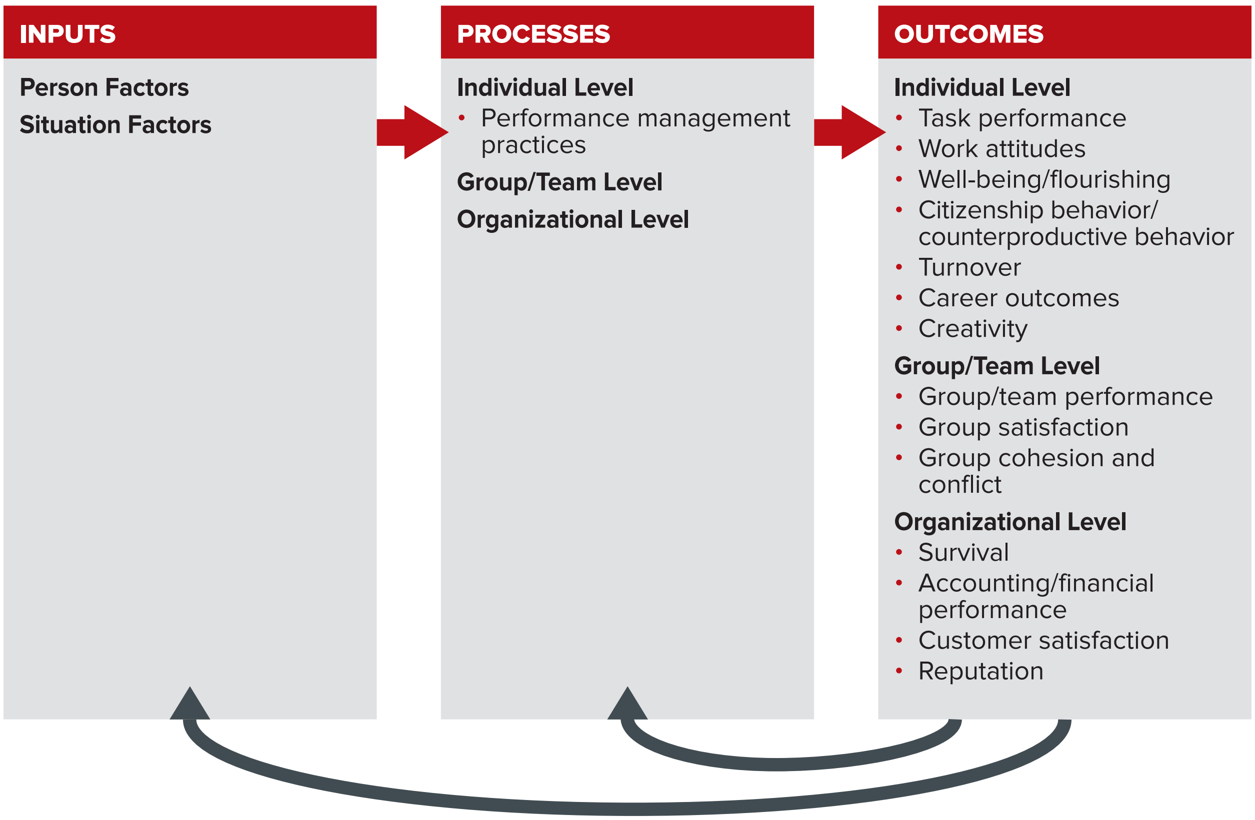
Figure 6.1 summarizes what you will learn in this chapter. The main focus is performance management, which we position as an individual process in the Organizing Framework for Understanding and Applying OB. It could easily be considered a group- or organizational-level process, but we put it at the individual level because it is the performance of individuals that determines the performance of groups, teams, and organizations. Performance management is an umbrella phrase that includes a number of important OB concepts, such as goal setting, performance measurement and appraisals, feedback, and rewards. Performance management therefore is an especially important topic in OB.

A variety of person and situation factors influence performance management practices, and such practices impact performance management, which in turn affects numerous outcomes for individuals, groups/teams, and organizations.

It also is a key contributor to other processes across levels, such as your individual motivation, trust and conflicts with supervisors and coworkers, and the effectiveness of organizational change efforts.

The pervasive and important effects make performance management one of the most practical and valuable OB concepts.

FIGURE 6.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



Winning at Work

How to Boost Your Personal Productivity

Who doesn't want to be more productive? You have your own tactics or techniques for getting things done, as does nearly everyone you know. But given that everybody has the same number of hours in a day, the only way for you to differentiate yourself is to spend your time more wisely. To help, we assembled the following collection of best practices to make you more productive.

1. **Learn how you spend your time.** Fill out a time log to measure how much time you spend on various activities. A useful time log requires genuine effort, since research shows that better than 80 percent of people are very poor at accurately estimating how they spend their time.[1] Track your time and the way you spend it for two or three days to capture the things you commonly do. Ideally, you'll pause every hour or two and tabulate how much time you've spent on particular tasks. If this isn't feasible, then be sure you tabulate your time twice in the morning, twice in the afternoon, and once in the evening. (Note: You cannot accurately tabulate the entire day at the end. This doesn't work so don't even try.) When you have two or three days recorded, add up the time you spent on various tasks. Identify the three activities that consume the greatest amounts of your time. It is especially useful to determine how much time you spend e-mailing, texting, playing games, and surfing the web, and then determine how much of this effort is really related to school and/or work. You'll likely be shocked. Use your time more wisely.
2. **Never touch things twice.** This means you should never put tasks in a holding pattern.[2] If you open an e-mail, for instance, and then decide to respond later, you will have to look at it at least one more time. This advice also applies to phone calls and other items on your to-do list. You need to decide the first time you touch it—take action now, delegate it, or delete it. You may think, "Yeah, right, as if this is possible." But being decisive is key to increasing productivity. You may have to do some less desirable or even undesirable tasks immediately instead of putting them off. Or you'll have to figure out how to do certain things, like texting, only at certain times of the day.
3. **Schedule e-mail, text, and phone time.** Turn off notifications—all of them. Then set specific times in the day when you'll check and tend to distracting tasks. For instance, you are wise to always *look at and respond to e-mail* in the same space of time, such as at 11:00 each morning and 4:00 each afternoon. When the phone rings, you don't have to answer it. If it's important the caller will leave a message, which you can listen to during the time you've allocated. Set times for particular tasks and stick to them.
4. **Take regular breaks.** Recharging with a walk, music, or a brief chat has been shown to improve your concentration and boost productivity during the time you're on task. Some research suggests that 90-minute intervals of work are best. This means you should set a plan for what you'll accomplish in 90 minutes, then take a break. A series of intense, focused, and energized intervals is more productive than long stretches of uninterrupted work.[3]
5. **Trade social and gaming.** Whatever amount of time you spend playing video games or connecting on social media, try reallocating some of it to clearing e-mails or tackling other items on your to-do list. For example, make rules—no Facebook before lunch and/or none after 7 p.m. This rule can be especially useful if you commute by bus or train or spend time waiting in lines. As long as you're not driving, spend that time productively rather than gaming or posting.

What's Ahead in This Chapter

Performance management encompasses many of the topics and tools you've learned thus far. In many ways this chapter serves as a sort of summary. And in other ways it serves as a rationale for taking the course. If you want to know why OB is important, and why its theories, models, and tools matter, the answer comes down to improving performance at all three levels of OB—individual, team, and organizational. The discussion in this chapter focuses on several of the critical components of effective performance management: goal setting, feedback, rewards, and reinforcement. To effectively manage performance, managers and organizations need to identify and communicate clear expectations or goals, monitor and provide feedback regarding progress toward these goals, and then link and deliver appropriate consequences (rewards) for goal achievement. We also highlight how performance management serves as a powerful tool for motivating, developing, and retaining talent. We hope you will appreciate why effective performance management policies and practices often dramatically affect many aspects of your work life.

6.1 PERFORMANCE MANAGEMENT PROCESSES

MAJOR QUESTION

What are the elements of effective performance management, and how can this knowledge benefit me?

THE BIGGER PICTURE

Performance management occurs in many arenas of your life, notably school and work. Because it is a process that generates grades at school and promotions and pay at work, it is important to understand how it works. You'll learn why performance management is one of the most critical and far-reaching processes in the Organizing Framework. You'll also see why opinions about the usefulness and effectiveness of performance management practices are often negative. However, you'll also learn how performance management practices can be beneficial, such as by helping signal and reinforce desired behaviors and outcomes across all levels of OB.

This chapter focuses on improving individual job performance, notably yours, as well as on your ability to improve the performance of others. To do this, you need to draw on and apply many of the concepts and tools you've learned thus far, such as hard and soft skills, personality, perceptions, and of course motivation. The integration and application of this knowledge for the purposes of improved outcomes is called *performance management.*

***Performance management* (PM) is a set of processes and managerial behaviors that include defining, monitoring, measuring, evaluating, and providing consequences for performance expectations.**[4] Defined in this way, PM is far more than performance appraisal. Appraisals typically consist only of the actual performance review, an event. Effective PM, in contrast, is a continual process and a critically important individual-level process. Performance management typically operates through an organization's managers and human resources policies and practices. You will learn how it affects outcomes across all levels in the Organizing Framework, such as individual (job satisfaction, OCBs, and turnover), team (cohesiveness, conflict, and performance), and organizational (reputation, performance, survival, innovation, and employer of choice).

Effective Performance Management

As illustrated in Figure 6.2, effective PM has four steps:

Step 1: Defining performance.

Step 2: Monitoring and evaluating performance.

Step 3: Reviewing performance.

Step 4: Providing consequences.

Successfully managing performance is a powerful means for improving individual, group/team, and organizational effectiveness.[5] Effective performance management influences important outcomes such as greater employee engagement and better

FIGURE 6.2 EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM

SOURCE: Adapted from A. J. Kinicki, K. J. L. Jacobson, S. J. Peterson, and G. E. Prussia, "Development and Validation of the Performance Management Behavior Questionnaire," *Personnel Psychology,* 2013, 1–45.

organizational performance.[6] Managers who practice effective performance management generate exceptional results compared to those who don't:

- 48% higher profitability.
- 22% higher productivity.
- 30% higher employee engagement scores.
- 17% higher customer engagement scores.
- 19% lower turnover.[7]

Common Uses of Performance Management

Most performance management processes have three primary functions.

1. *Make employee-related decisions*. Your performance can be used to justify a pay raise, a promotion, and new assignments. PM can also generate documentation to help justify termination and reduce the chances of a wrongful dismissal lawsuit.
2. *Guide employee development.* Effective performance management helps identify employees' strengths, weaknesses, and development needs. One performance management expert said that PM "is one of the most powerful talent management practices we have as HR professionals."[8]
3. *Signal desired employee behavior.* Performance management processes signal and otherwise communicate what is expected from employees, such as job performance and career advancement.

This final purpose also applies in school. Think about it: The components of your grade in this (or any) course signal what is important, what your professor expects you to do, and thus what is rewarded.

Problem-Solving Application

How Much Would You Pay Fannie and Freddie?

Fannie Mae and Freddie Mac are organizations at the heart of the US housing industry. They buy mortgages from lenders and either hold them or package and sell them to investors. They were central players in the financial crisis and were subsequently taken over (bailed out) by the government. It has been a long road back, and Mel Watt, the regulator who oversees Fannie and Freddie, recommended that their CEOs each get raises of $3.4 million, taking their salaries from $600,000 to $4 million each.

Watt argued that the increases were deserved and necessary. He said both CEOs have done a commendable job of turning their organizations around since the crisis. Some of these reasons were inspired by Timothy Mayopoulos, CEO of Fannie, when he expressed concerns about his present pay. Donald Layton, CEO of Freddie, is likely to retire in the near future, and Watt and other supporters claimed salaries of this level are necessary to attract qualified candidates to replace him. In fact, other senior Fannie and Freddie executives are paid more than the current CEOs.[9] And earlier Fannie and Freddie CEOs earned $5.3 million and $3.8 million, respectively, as recently as 2011.[10]

The proposed raises met with strong opposition. President Obama and Congress blocked them, arguing that CEOs of organizations under government control should not be paid this much. Layton said in response, "I signed up for this job personally as a public service matter so compensation wasn't the big attraction to me." As to whether another qualified executive could be found at the lower pay level, Layton said, "I am of the belief there are other people like me who . . . would be willing to do a job as a public service matter."[11]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problems confronting the regulator Mel Watt.

Step 2: Identify the potential causes of these problems.

Step 3: Make your recommendations.

What Goes Wrong with Performance Management

Volumes of research and employee surveys report that the majority of managers and organizations do a poor job of managing employee performance.

- Fewer than 40% of employees say their systems do *not* provide clear goals or generate honest feedback.[12]
- 66% of employees say it actually interferes with their productivity.
- 65% say their company's practices are irrelevant to what they actually do in their jobs.[13]
- 58% of 576 HR executives surveyed graded their company's performance management systems as a C or worse.[14]

These unfortunate perceptions raise the question: Why do companies often do so poorly with performance management?

The meeting in this photo is typical of many performance reviews: Once a year a manager and a subordinate sit on opposite sides of a table, the manager does most of the talking, both are uncomfortable, and each walks away less than happy with the results. This chapter will help you understand how and why you and your managers can do better.
© Chris Ryan/agefotostock RF

First, performance management practices are often *obsolete*. Customer needs and job responsibilities change frequently and quickly, but PM practices often fail to keep pace. This can result in a disconnect between the elements in your review and what you actually do day-to-day in your job. This can reduce the whole process to "chores" that require little more than checking boxes.

Second, PM is *time consuming*. Some surveys report that managers spend on average 210 hours per year on PM activities.That equals 5.25 weeks, or more than a month! It is even more difficult to justify the time when 77 percent of HR executives feel their reviews do not accurately capture employee contributions.[15]

Third, performance reviews are *too narrow*. This means managers administering them commonly focus on only a limited number of elements, which may not be the only or the most important ones. One reason for this narrow scope is that many companies include only *what is measured* instead of *what should be measured*. For example, law firms may say they want and need attorneys to focus on client service and community involvement, but the only thing they measure and link to rewards is billable hours with clients. This is largely what they get.

Applying all the elements of performance management discussed in this chapter will help you overcome these negative perceptions at work and show you that performance management is an important, practical process that connects many inputs and outcomes in the Organizing Framework of OB.

The Importance of Management and Leadership

Performance fluctuates widely and unnecessarily in most companies, in no small part from a lack of consistency in how people are managed. Research consistently shows that over half of the most important drivers of employee engagement and performance are precisely the behaviors that define effective performance management: setting clear expectations, helping employees accomplish work, providing regular feedback, and finding new opportunities for employees to succeed and develop.[16] This means that managing performance successfully requires that you have effective managers. PM policies and practices cannot substitute for poor management, yet effective managers can be undermined by poor PM policies and practices.

Also critical is that leaders at all levels of the organization support and practice effective performance management. Ed Lawler, a world-renowned management expert, stated it very clearly: "Role modeling needs to begin at the top and it needs to be demonstrated by the appraisals being done on all members of the organization. It can't be what the middle does to people at the bottom of the organization."[17]

Who does your boss's performance review? Who does that person's review? On what elements is each of these people evaluated? Ask the same questions about the president or CEO of your employer. The answers can be very telling about how serious your organization is about performance management, and the extent to which leaders role-model PM and practice what they preach. The bottom line: Senior leaders need to develop and hire good managers, and they need to ensure that everybody practices effective PM.

Pervasive poor views of performance management practices have led many notable companies including Adobe, GE, Juniper, Accenture, and Cigna to scrap existing PM practices.[18] One such company is Deloitte. The following OB in Action box illustrates how this accounting firm has tackled the challenges of performance management.

OB in Action

The Deloitte Way: "Snapshots" and "Check-ins"

As part of a renewed commitment to developing its high-caliber workforce, Deloitte made a $100 million investment in The Leadership Center (called Deloitte University) in 2011. In the process it reviewed the role played by its performance management practices.

The internal review and research revealed two things. First, performance, retention, and client satisfaction were all better when employees felt they were playing to their strengths in their jobs.[19] Second, current PM practices were interfering. The company then embarked on a dramatic transformation of its practices. Its new approach is as interesting for what it excludes as for what it includes. Gone are once-a-year performance reviews, 360-degree feedback tools, and cascading goals.[20] Included are the four steps of effective performance management outlined above and described below.

Key Elements of Deloitte's New Approach

Step 1: Setting Goals and Objectives. Like its many clients, Deloitte has objectives, financial and otherwise, it must achieve. All are important and consequential for employees. However, instead of goals being set centrally by senior management and cascading down through the organization, goals are now set per client, per team, per employee. This means that goal setting and expectations are much more local and are handled by team leaders, rather than global and done by senior executives at headquarters.

Step 2: Monitoring and Measuring Performance. The company still tracks and measures performance, but now it does so in the form of Snapshots. These are questions each team leader answers for each team member, whether quarterly, monthly, at the end of a project, or at any other meaningful point. Instead of ranking the team member, leaders indicate to what extent they agree with statements like, "Given what I know of this person's performance, I would always want him or her on my team," "This person is at risk for low performance," and "If it were my money, I would award this person the highest possible compensation increase in bonus."[21]

Step 3: Reviewing Performance and Providing Feedback. Performance reviews and feedback happen not once or twice a year but at regular check-ins. Check-ins are one-on-one, real-time discussions between team leaders and their team members. Their purpose is to discuss progress, expectations, feedback, and any other relevant details related to current or near-term work. The rationale is that performance is driven through conversations, and check-ins give frequent opportunities for managers and employees to meet and talk. Check-ins are not mandated or tracked. Deloitte simply prompts all employees via periodic e-mails that ask, "Did you have a check-in conversation with your team leader this week? Yes or No."[22] Snapshot responses are aggregated every quarter, and HR reviews and discusses the results with business leaders. Along with other metrics, such as revenue per employee, Snapshots give leaders a more holistic and timely view of individual and unit performance.

Step 4: Rewarding Performance. Snapshots provide regular and ongoing opportunities to recognize and correct performance, and the quarterly reviews provide yet another opportunity. All of this culminates in annual compensation decisions, which are now based on a wealth of information consistently captured throughout the year.

Deloitte's new system is viewed very positively and has been expanded to cover 2,000 employees, then 7,000, then 40,000, and now all business units are given the choice to participate.

YOUR THOUGHTS?

1. From an employee's perspective, what do you think are some of the pros and cons of Deloitte's new PM system? Explain.
2. Assuming you are a team leader at Deloitte, describe one benefit and one challenge of the PM system for you.
3. What do you think are the major challenges in implementing Deloitte's new PM practices?

Now that you have a general understanding of the performance management process and its importance, let's take a closer look at how to define performance expectations and goals.

6.2 STEP 1: DEFINE PERFORMANCE—EXPECTATIONS AND GOALS

MAJOR QUESTION

How can improving my goal setting give me an advantage?

THE BIGGER PICTURE

Not all goals are the same. You're about to learn the difference between performance goals and learning goals. More importantly, you'll pick up tips on how to manage the goal-setting process. You'll also benefit from practical guidance on what types of goals to use when.

Here is what the CEO had to say when he accepted the Climate Leadership Award for Aggressive Goal Setting to reduce greenhouse gas emissions.[23]

> As a family company, we're committed to doing what's right for people and the planet, and we believe that to make an impact, you have to set measurable goals. In addition to the 27 percent reduction we've achieved versus our 2005 U.S. baseline, we will continue to raise the bar and hold ourselves accountable. By 2016, we plan to further reduce our greenhouse gas emissions by an additional 7 percent absolute reduction, and we're honored to be recognized for setting this goal.[24]

S. C. Johnson has since achieved its goal of a 7 percent reduction in greenhouse gases and earned yet another award, the very prestigious Excellence in Greenhouse Gas Management award given by the Environmental Protection Agency (EPA).[25] Research supports the benefits of goal setting, as S. C. Johnson realizes. For instance, teams have been shown to innovate more effectively when their team leaders help clarify their goals.[26] This shouldn't be a surprise.

It makes sense that improving goal setting is a way to boost both your own performance and your ability to manage the performance of others. But once again, common sense is not common practice. According to Gallup's "State of the American Manager" report, only 12 percent of employees strongly agreed that their manager helps them set performance goals.[27] To improve your own goal setting, let's begin by differentiating two general types of goals—performance and learning.

Fisk Johnson, CEO of S. C. Johnson & Son, strongly believes in setting goals. S. C. Johnson is the world's largest maker of household products, including Shout, Windex, Drano, and Scrubbing Bubbles. © Jim Spellman/WireImage/Getty Images

Top professional golfers, like Jordan Spieth, undoubtedly focus on learning goals while practicing. But given their level of proficiency and the expectations to win, many of their goals while on the course are performance goals.
© Tom Pennington/Getty Images

In contrast, performance goals while playing are likely counterproductive for new golfers and those with high handicaps. They just don't have the skill to perform.
© John Cumming/Getty Images RF

Do You Want to Perform or Learn?

One way to organize or differentiate your many goals is to categorize them as performance or learning. **A *performance goal* targets a specific end result, and a *learning goal* promotes enhancing your knowledge or skill.** Managers typically overemphasize the former and ignore the latter as they try to motivate greater effort and achieve results.

If you lack necessary skills, experience, or direction from your manager, then performance goals can be more frustrating than motivating. When skills are lacking, it often is helpful to set learning goals first and then set performance goals once you've developed some level of proficiency. Let's illustrate using a golf analogy. Here a performance goal can deflect attention from the discovery of task-relevant strategies (learning goals). For example, if a novice golfer focuses on achieving a score of 95 (a performance goal), this may prevent the player from concentrating on the fundamental elements of a sound golf swing and club selection (learning goals). Both learning goals are essential for attaining that score. In short, the novice golfer must learn how to play the game before becoming concerned about reaching a challenging performance outcome (a score of 95).[28]

This insight also applies in college (and later in life). Depending on socioeconomic status, between 55 and 80 percent of students who start college don't graduate in six to eight years.[29] One conclusion: Students' goal-setting skills need more attention. A study of students who were struggling academically demonstrated the power of teaching people how to skillfully set and integrate both learning and performance goals. The students participated in an intensive online tutorial on how to write and achieve personal goals, which led to significant improvement in academic achievement four months later.[30] The lesson? Learn about and apply goal setting to improve your grades now, if not also your performance at work.

Managing the Goal-Setting Process

There are four general steps to follow when implementing a goal-setting program (for yourself or others). Deficiencies in one step cannot be made up for with strength in the others. You need to diligently execute all four steps. We label these Step A, Step B, and so on to avoid confusion with the numbered steps of the effective performance management system (compare Figure 6.2).

Step A: Set goals.
Step B: Promote goal commitment.
Step C: Provide support and feedback.
Step D: Create action plans.

TABLE 6.1 GUIDELINES FOR WRITING SMART GOALS

Specific	State goals in precise rather than vague terms. For example, I will participate in 20 hours of training this quarter, versus I will do more training this year. Quantify your goals whenever possible.
Measurable	You need to track progress and verify whether a goal is achieved or not. To do this requires some form of measurement or verification—quantity, quality, completed (yes or no), and other relevant details. If, for instance, the goal is to assess the characteristics of your company's top-performing sales teams, then you likely will need to include both quantitative (sales) and qualitative (methods for building customer relationships) measures. To emphasize, goals should not be set without considering the interplay between quantity and quality of output.
Attainable	Goals should be realistic, challenging, and attainable. Impossible goals reduce motivation because people do not like to fail. And remember, people have different levels of ability and skill. What is easy and "old hat" for one person, may be very difficult for another.
Results oriented	Corporate goals should focus on desired end results that support the organization's vision. In turn, an individual's goals should directly support the accomplishment of corporate goals. Activities that support the achievement of goals are outlined in action plans. To focus goals on desired end results, goals should start with the word *to,* followed by verbs such as *complete, acquire, produce, increase,* and *decrease.*
Time bound	Specify target dates for goal completion. Recall the example of S. C. Johnson at the beginning of this section. Assign a date, even if you have to change it later.

SOURCE: Excerpted from J. Schroeder and A. Fishbach, "How to Motivate Yourself and Others? Intended and Unintended Consequences," *Research in Organizational Behavior,* 2015, 123–141.

Step A: Set Goals Whether your manager sets your goals or you set them together, the goals should be "SMART." ***SMART* applied to goals is an acronym for *specific, measurable, attainable, results* oriented, and *time* bound.** Table 6.1 lists practical guidelines for writing SMART goals.

TAKE-AWAY APPLICATION

Applying SMART Goals

1. Select an important goal at school.
2. Make it "SMART" by being sure that it is specific, measurable, attainable, results oriented, and time bound.
3. Refine it further by ensuring that it begins with "To _______," and pay particular attention to how it will be measured.
4. Do the same for a goal outside school.

Step B: Promote Goal Commitment Goal commitment is important because employees are more motivated to pursue goals they view as personally relevant, obtainable, and fair. Table 6.2 provides practical advice to increase your goal commitment, while at the same time improving the quality of your goals and boosting your likelihood of success.

TABLE 6.2 TIPS FOR INCREASING GOAL COMMITMENT AND SUCCESS

Write Your Goals Down	You've heard it before, but writing your goals down makes a real difference. In addition to helping make them SMART, it provides a record that you can go back to and revise as you make progress toward your goal. It also is more efficient—you don't have to keep the goals and details in your head.
Identify Key Obstacles and Sources of Support	Be proactive and try to identify who or what might get in your way. Conversely, think of who or what might be able to help you reach your goal.
Ask What's in It for YOU?	List the benefits of achieving the goal. Keeping your eyes on the prize will help you stay motivated over time.
Break It Down	Some goals are big and/or take considerable time to achieve. It is helpful to break them down into smaller, sub- or intermediate goals.
Visualize	If you haven't tried this, do it—it works! Imagine not only how you will benefit by achieving your goal, but also how you will feel. Adding the positive emotional component can boost your motivation.
Organize	Preparation is key. It gives you clarity, makes you more efficient, and helps you avoid wasting energy and time.
Reward Yourself	Reward yourself both for making progress while pursuing your goal and for attaining the ultimate outcome. It is important to reinforce your efforts. Building in small wins and rewards along the way can help motivate you and keep you on track.[31]

TAKE-AWAY APPLICATION

Building Commitment to My Goals

1. Using a SMART goal you created from the previous Take-Away Application box, apply the recommendations from Table 6.2 to increase your commitment to that goal.
2. Set a grade goal for the next exam in one of your courses. Apply the Table 6.2 recommendations to enhance your commitment and increase your chances of success.

Step C: Provide Support and Feedback This step is about helping employees achieve their goals. (More detail related to feedback is provided later in this chapter.) Practical suggestions include:

- Make sure each employee has the necessary skills and information to reach his or her goals. Provide training if necessary, because it can boost people's expectancy (Chapter 5).
- Similarly, pay attention to employees' expectations about their perceived relationship between effort and performance (recall expectancy theory from Chapter 5), their perceived self-efficacy, and their reward preferences, and adjust accordingly.
- Give employees timely and task-specific feedback (knowledge of results) about what they are doing right and wrong.
- Provide monetary and nonmonetary incentives, and be sure to reward meaningful progress and not just goal accomplishment.[32]

Step D: Create Action Plans What use is a goal without a plan for realizing it? For instance, planning the amount of time you intend to devote to training, rather than simply attending a session or doing it when you can, greatly improves the effectiveness of your learning. The same applies to studying—plan your study time and what you will study during that time, and research says you are more likely to stick with it and increase your learning.[33]

The first three steps all help tremendously in formulating your actions plans. Table 6.2 also offers useful tips. Besides these, we encourage you to look to your experience—what's worked in the past when pursuing a similar goal? If you can't rely on your own experience, then learn what others have done and follow their plan. No need to reinvent the wheel.

Next, visualize what achieving the goal looks like and work backward. This is another instance when the characteristics of SMART goals are extremely valuable. Being specific, results oriented, and time bound are fundamental characteristics of solid action plans. Finally, if you run into difficulties, we've already provided you with an excellent tool—the 3-Step Problem-Solving Approach. This can help you identify and remedy roadblocks in your goal setting and action plans.

Applying a contingency approach to goal setting is another way to be more effective and boost performance. Let's explore this next.

Contingency Approach to Defining Performance and Setting Goals

Recall the discussion in Chapter 1 about how effective employees and managers (you!) should use a *contingency approach.* Do what the situation requires rather than applying a one-size-fits-all approach, relying on personal preferences, or doing something "the way it's always been done." Fit the behavior, policy, or practice to the situation. You can apply this same wisdom to goal setting.

Learning and performance goals have their place, and setting SMART goals can give you a significant advantage over your competitors. However, another way to define goals is in terms of *behavioral, objective,* and *task/project* (see Table 6.3). Defining goals in this manner helps you assure your goals *match the situation.* For instance, not all performance can or should be defined and measured in dollars and cents.

Once you've clarified expectations and set effective goals, it is necessary to monitor and evaluate your progress and ultimate level of achievement. This is the focus of the next section.

TABLE 6.3 CONTINGENCY APPROACH TO DEFINING PERFORMANCE

Behavioral Goals	Objective Goals	Task or Project Goals
Can be used in most jobs.	Best for jobs with clear and readily measured outcomes.	Best for jobs that are dynamic, but in which nearer-term activities and milestones can be defined.
Most relevant for knowledge work.	Measure what matters, not just what can be measured.	Similar to SMART goals.
Example: Treat others with professionalism and respect; communicate clearly.	Examples: sales quotas, production rates, error rates.	Example: Complete your portion of the team project by Tuesday.

SOURCE: Adapted from M. Schrage, "Reward Your Best Teams, Not Just Star Players," *Harvard Business Review,* June 30, 2015, https://hbr.org/2015/06/reward-your-best-teams-not-just-star-players.

6.3 STEP 2: PERFORMANCE MONITORING AND EVALUATION

MAJOR QUESTION

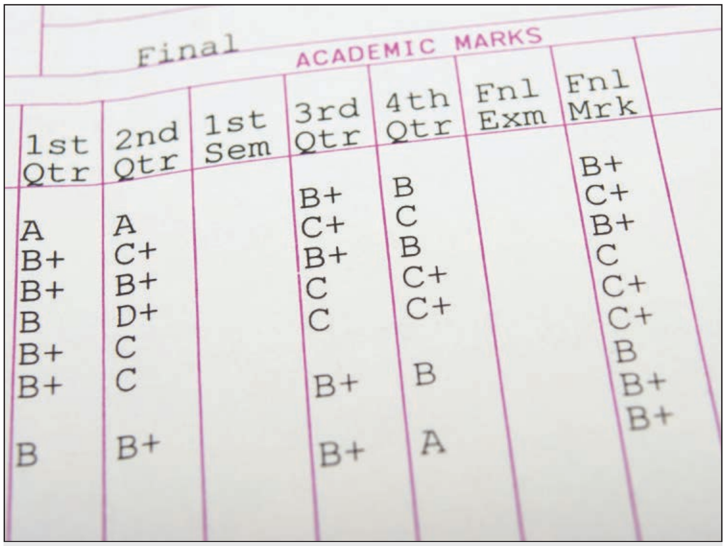
How can performance monitoring and evaluation improve my performance and my ability to manage the performance of others?

THE BIGGER PICTURE

To ensure success, you'll need to accurately measure and evaluate both your progress and the ultimate completion of the goals you set in Step 1. In this section you'll learn numerous practical tips to help with monitoring and evaluating performance. Specifically, you'll learn how your perceptual errors can influence your evaluation of performance, and why 360-degree feedback is commonly used to help overcome shortcomings in the measurement and evaluation of performance.

Once you have defined and communicated performance expectations (goals), you are ready to monitor and evaluate your and others' progress and ultimate performance. We emphasize the need to monitor and evaluate *both* progress toward the final goal and the ultimate level of goal achievement. Doing both instead of simply focusing on the final outcome boosts both motivation and performance.

For instance, at school you prefer to learn how you're performing sometime before your final grade report, such as a midterm exam and/or homework assignments. If the only score you receive and the only time you learn this is on the final, then you have no opportunity to take corrective action and improve the outcome. Moreover, your final exam may not appropriately capture all that you've done (performance) throughout the course. Despite this common-sense argument, many, many organizations and entire industries focus only on one final outcome, such as sales target (pharmaceuticals), wins (sports), and rankings (business schools).



Grades are the ever famous means for monitoring and evaluating performance at school. Midterm and homework grades are a means for montioring your performance toward your overall or final grade in your courses. © Robert Payne/Getty Images RF

This is why accurately and appropriately monitoring and evaluating *both* progress *and* outcomes are critical components of effective performance management and your personal effectiveness.

Monitoring Performance—Measure Goals Appropriately and Accurately

Monitoring performance **means measuring, tracking, or otherwise verifying progress and ultimate outcomes.** You use the information gathered through monitoring to identify problems (and successes) and to find opportunities to enhance performance during the pursuit of a goal. To be effective, you need to use or even create accurate and appropriate measures. Table 6.3 showed that many goals can be categorized as behavioral, objective, or task-oriented. The way you measure these goals should match their character.

Your measurement and monitoring can improve further still if you consider the following (you'll notice some overlap with Table 6.3):

Timeliness. Was the work completed on time? Many customer service roles require representatives to answer calls within a certain number of rings, or to respond to customer requests in a certain number of hours or days.

Quality. How well was the work done? A behavioral goal that could fit here is greeting customers warmly, personally, and with a smile. Measurement consists of observing and/or reporting that these actually occurred.

Quantity. How much? Sales goals are common examples here, such as dollars or number of units sold.

Financial metrics. What are the profits, returns, or other relevant accounting/financial outcomes? For instance, some law firms measure the performance of attorneys and the larger firm by calculating profits in dollars per partner.[34]

It's safe to assume that monitoring will only increase in the future, and the vast majority is well intended. But as in all things related to performance management, some practices are better than others. The following OB in Action box highlights some of the inherent benefits and costs to consider.

OB in Action

The Challenges Grow as Employee Monitoring Becomes More Sophisticated and Pervasive

There was a time when some employers used tape measures to plot the distance and paths nurses followed on their patient rounds in hospitals.[35] Today, such monitoring is done with hardware and software that provides real-time location and activity logs for employee activity. Patty Jo Toor, the chief nursing office at Florida Hospital Celebration Health, uses electronic badges to monitor how often nurses and other care providers visit patient rooms.[36] One result was that the hospital found it could increase time with patients by stocking more medication on the floors during the night shift, cutting the time nurses had to spend ordering it. In a similar way, United Parcel Service (UPS) has used GPS to make drivers' routes more efficient, saving time, gas, emissions, and money (millions of dollars every year).[37]

Benefits to the Employer Monitoring data can help employers restructure work spaces, identify employees' most productive work periods, simplify timekeeping, pinpoint training needs, evaluate performance, document poor behavior, and identify high-performing teams.[38] Employers also use technology to protect themselves and employees against theft, violence, and liability. Some companies equip their vehicles with video cameras in case of theft or accidents. Shuttle Express Inc., for example, used dashboard camera video to show that its driver was not at fault in an accident. It saved the company an estimated $100,000.[39]

Most employees would not fault employer monitoring that guards against improper sharing of trade secrets or other proprietary information. But as monitoring becomes more capable and more pervasive, we might ask: Just because employers *can* monitor, *should* they?

Costs and Cautions for Employers Some employers have gone to extremes, such as counting keystrokes or measuring how long employees' keyboards have been idle. Others check web searches, e-mails, and texts for keywords to identify inappropriate or proprietary content. Employers also are tracking the time lost to non-work activities, such as March Madness, Cyber Monday, and online gaming.[40] Individual opinions will vary about each of these, but such constant monitoring also has the potential to cause stress, undermine employee morale and trust, and even be the grounds for lawsuits.

Intermix Wire Transfer was sued by an employee after she learned that the app she was required to download onto her phone enabled the company to track her location and driving speed, both during and after work hours. She "likened it to wearing a house arrest bracelet." When she protested and uninstalled the app, she was fired.[41]

YOUR THOUGHTS?

1. Assuming you own your company, make the case for monitoring your employees.
2. If you are working (or have worked), does your employer monitor employees? If yes, describe the costs and benefits to that employer.
3. If your employer does not monitor employees, what type of monitoring might be beneficial from the employer's perspective?
4. Whether you are working or not, describe a type of monitoring that would be useful for your school.

Companies have considerable legal discretion to monitor employees. Nevertheless, monitoring has its pitfalls. Here are helpful tips to consider when utilizing monitoring at work.

Applying OB

Monitor with Purpose and without Pain

Legally, companies have considerable discretion (rights) to monitor employees. That said, the following tips can help realize the benefits of employee monitoring and avoid the pitfalls.

1. *Establish clear motives for monitoring.* Employers need first to ask themselves, *Why are we monitoring employees? What do we hope to gain?* Is the purpose performance improvement, safety, theft avoidance?
2. *Identify the boundaries.* The answer to No. 1 above will help establish what is appropriate to measure, such as only time on premises or also time away from the office, or all web usage or just usage during work hours or on company-owned devices.

3. *Avoid monitoring non-work areas.* Common sense says not to monitor company bathrooms, locker rooms, or cafeterias and other areas in which work is not expected to be conducted.
4. *Communicate what, where, how, and why.* Tell employees what is monitored, where, how, and especially why. Justify! The primary motive should be performance improvement. But if guarding against theft is also a goal, say so. Employees may raise potential pitfalls you didn't consider. Addressing them will help avoid lawsuits.
5. *Focus on improvement, not punishment.* Of course, if employees are stealing or engaging in other undesirable or unethical conduct, monitoring can identify them so they can be punished. However, monitoring works best when it's used to help employees boost their performance. Avoid inducing fear and instead foster better performance.[42]
6. *Be consistent!* If you're going to monitor some employees, monitor all. Don't make the mistake of monitoring employees' Internet or smartphone use and not doing the same for managers and executives.

After you've defined your performance goals and monitored them using accurate and appropriate measures, it is time to evaluate the level or quality of performance.

Evaluating Performance

Your measures of performance should be both relevant and accurate. There is nothing more discouraging than being measured on criteria that don't matter or not being measured on those that do. ***Evaluating performance*** **is the process of comparing performance at some point in time to a previously established expectation or goal.**

Your midterm grade, for instance, helps you monitor your performance so far. But it isn't the end of the story. You then evaluate it—did you perform as you expected? Why or why not? How will your midterm performance affect your grade for the course? The answers to these questions are important and are often influenced by your perceptual processes.

Perceptual Errors in Evaluating Performance As you learned in Chapter 4, your attributions and perceptions can greatly influence the way you evaluate the information you gathered via monitoring. Table 6.4 lists common perceptual errors in monitoring employee performance and recommended solutions.

The best-laid goals from Step 1 can be completely undermined if performance toward them is not measured appropriately, or if performance is evaluated with bias. Many organizations and their managers have tried to overcome such problems using 360-degree feedback.

In *360-degree feedback* individuals compare perceptions of their own performance with behaviorally specific (and usually anonymous) performance information from their manager, subordinates, and peers. Such *multi-rater feedback* can also come from outsiders, such as customers or suppliers.

HCL Technologies, one of India's three largest IT services companies, implements a 360-degree feedback program for the CEO and 3,800 managers. The CEO's reviews are transparent, posted on the company's internal website for all 50,000 employees to see. The managers' results are posted too. Vineet Nayar, the former CEO who created the system, described the system as "reverse accountability," wherein managers are accountable to employees, the opposite of the business norm.[43]

Collecting performance information from multiple sources helps the person being evaluated get a broad view of his or her performance, and it also highlights any biases and perceptual errors that might be occurring. Finally, using multiple raters also makes it

TABLE 6.4 COMMON PERCEPTUAL ERRORS RELATED TO PERFORMANCE EVALUATION

Perceptual Error	Tendency	Example	Recommended Solution: Keep Performance Notes
Halo effect	To form an overall impression about a person or object and then use that impression to bias ratings about same.	Rating an employee positively across all dimensions of performance because the employee is so likable.	Record examples of positive and negative employee performance throughout the year. Remember employee behavior tends to vary across different dimensions of performance.
Leniency	To consistently evaluate other people or objects in an extremely positive fashion.	Rating an employee high on all dimensions of performance regardless of actual performance.	Provide specific examples of both good and poor behavior so you can help the employee improve. Remember it does not help employees when they are given positive but inaccurate feedback. Be fair and realistic in evaluations.
Central tendency	To avoid all extreme judgments and rate people and objects as average or neutral.	Rating an employee as average on all dimensions regardless of actual performance.	Define an accurate profile, with high and low points, so you can help the employee improve. Remember it is normal to provide feedback that contains both positive and negative information.
Recency effect	To over-rely on the most recent information. If it is negative, the person or object is evaluated negatively.	Rating an employee based only on the last portion of the review period.	Accumulate examples of performance over the entire rating period. Remember to look for trends but accept some variance as normal.
Contrast effect	To evaluate people or objects by comparing them with characteristics of recently observed people or objects.	Rating an employee as average, from a comparison of the employee's performance with the exceptional performance of a few top performers.	Evaluate employees against a standard, rather than against the performance of your highest-performing employees. Remember that each employee deserves the objectivity in evaluation that a standard can provide.

much more difficult for managers to unfairly favor or punish particular employees (recall our discussion of equity and fairness in Chapter 5).

A study of 360-degree feedback for 69,000 managers and 750,000 employees revealed fascinating results. Managers *dramatically overrate* their own capabilities—perhaps this is not a surprise. But those who *underrated* their prowess were viewed by employees as the most effective leaders. The underraters also had the most engaged employees (an important individual-level outcome).[44]

Research on 360-degree feedback, combined with our consulting experience, leads us to *favor* anonymity and also to *discourage* use of 360-degree feedback for pay and promotion decisions. When it is used for pay and promotions, managers often resist and/or try to manipulate the process. However, multi-source feedback can be extremely helpful for training and development purposes.

Now that you have a sense of the importance of monitoring and evaluating performance, as well as tips for doing this accurately, let's move on to the next step and review performance. The next section also provides additional insights about feedback.

6.4 STEP 3: PERFORMANCE REVIEW, FEEDBACK, AND COACHING

MAJOR QUESTION

How can I use feedback and coaching to review and improve performance?

THE BIGGER PICTURE

You're about to learn how different forms of feedback influence performance and how to deliver feedback more effectively. You'll also see how combining feedback with coaching is a powerful means for managing and improving your performance and that of others.

Most people agree that feedback—both giving and receiving it—has the potential to boost performance. However, most people also admit that they neither receive nor provide feedback as often or as well as they would like. We'll help you understand some reasons this happens and what you can do about it. It is safe to say your feedback skills are some of the most valuable tools you can develop and use throughout your career. Now let's convince you that this bold statement is true.

What Effective Feedback Is . . . and Is Not

Students and employees alike appreciate feedback (at least those who are top performers do). Both want to know how they're doing and how their performance compares to that of their peers. Feedback is an important, but not always present, cousin of goal setting. It enables you to learn how your performance compares to the goal, which you can then use to modify your behaviors and efforts. We therefore define ***feedback*** **as information about individual or collective performance shared with those in a position to improve the situation.**

Effective feedback is only information—it is not an evaluation. Subjective assessments such as "You're lazy" or "You have a bad attitude" do not qualify as effective feedback. They are simply opinions and often have little value. But hard data such as units sold, days absent, dollars saved, projects completed, customers satisfied, and quality rejects are all candidates for effective feedback. Christopher Lee, author of *Performance Conversations: An Alternative to Appraisals,* clarifies the concept of feedback by contrasting it with performance appraisals:

> Feedback is the exchange of information about the status and quality of work products. It provides a road map to success. It is used to motivate, support, direct, correct, and regulate work efforts and outcomes. Feedback ensures that the manager and employees are in sync and agree on the standards and expectations of the work to be performed. Traditional appraisals, on the other hand, *discourage* two-way communication and treat employee involvement as a bad thing. Employees are discouraged from participating in a performance review, and when they do, their responses are often considered "rebuttals."[45]

The Value of Feedback

Mike Duke, former president and CEO of Walmart, is a strong advocate of linking goal setting and feedback.

> Leadership is about . . . listening and getting feedback from a broad array of constituents. . . . It's about setting aggressive goals and not being afraid to go after very aggressive goals and targets. I think it's even better for a leader to set an aggressive goal and come up a little short than it would be to set a soft goal and to exceed it. . . . Hard feedback is in some environments viewed in a very threatening way, and people don't want to hear feedback. In our environment, I think there is a desire to hear candid feedback. When we leave a meeting, before we'll even drive away, I'll ask, "Well, give me feedback." I think a leader asking for feedback sets a good tone.[46]

Despite the clear and important role Mike Duke describes for feedback, it is dramatically underutilized in most every area of our lives. A Watson Wyatt Worldwide survey, for instance, revealed that 43 percent of employees "feel they don't get enough guidance to improve their performance." Sixty-seven percent felt they received too little positive feedback in general, and 51 percent too little constructive criticism from their bosses. Those who said they did not receive enough feedback were 43 percent less likely to recommend their employer to others.[47] Clearly, feedback can affect outcomes across levels of the Organizing Framework.

If Feedback Is So Helpful, Why Don't We Get and Give More?

This obvious question is worth answering. After surveying thousands of students and employees, researchers offer the most common responses:

1. **Potential strain on relationships.** It is easy for most people to deliver good news: "Susan, great job on the project. The customer was very pleased, and you made the team look good." However, very few people like to deliver negative feedback (or bad news in general): "Susan, you were ill-prepared and really hurt our chances with that customer." We worry about making the person feel bad and wonder how that person will act in the future because of it. After all, we often make friends at work, we genuinely like many of our coworkers, and we don't want to make them feel bad, make ourselves and others uncomfortable, or harm our relationships.
2. **Too little time.** We're all busy. Even true believers in the value of feedback often let it slide: "This week I plan to talk to Mark about how impressed I am with his fast start at the company." But the week passes and you still haven't done it. Next week. But then that passes too, and so on, and so on.
3. **Lack of confidence.** Very few people are trained to give effective feedback and so lack confidence in their abilities. This problem is compounded if the feedback is going to include negative content and/or will be tied to a performance evaluation. After reading this chapter and book, you won't have such an excuse. You'll be equipped with both knowledge and tools to boost your confidence.
4. **No consequences.** As you'll learn or may already be aware, the trend is toward giving more frequent and considerably different forms of feedback than in the past. However, if managers are not evaluated on whether they provide feedback—effective or not—they are less likely to give it.

With these common obstacles in mind, let's learn how to overcome them and do better, beginning with the two primary functions of feedback—to instruct and to motivate.

Assume you're one of the students learning CPR in the photo. Which type of feedback do you think would be more helpful and you would appreciate more—instructional or motivational? Regardless of your preference, you certainly would agree that both forms would be more effective than the instructor simply saying you did it wrong and that she is unhappy with your performance. Keep this in mind when you provide feedback to others. Keep it instructional or motivational and you'll keep it appreciated and effective! © Hero Images/Getty Images RF

Two Functions of Feedback

Experts say feedback serves two functions for those who receive it: one is *instructional* and the other *motivational*. Feedback instructs when it clarifies roles or teaches new behavior. For example, an assistant accountant might be advised to handle a certain entry as a capital item rather than as an expense item. Feedback motivates when it serves as a reward or promises a reward (remember the discussion in Chapter 5). Hearing the boss say, "You've completed the project ahead of schedule; take the rest of the day off," is a pleasant reward for hard work. More generally, however, many employees appreciate the attention and interest expressed by the very act of providing feedback, regardless of content.

Important Sources of Feedback—Including Those Often Overlooked

The three common sources of feedback are

1. Others
2. Task
3. Self

It almost goes without saying that you receive feedback from *others* (peers, supervisors, lower-level employees, and customers). Perhaps less obvious is the fact that the *task* itself is a common source of objective feedback. For instance, many tasks—writing code, landing a plane, or driving a golf ball—provide a steady stream of feedback about how well or poorly you are doing. A third source of feedback is *you,* but self-serving bias and other perceptual problems can contaminate this source (recall Chapter 4).

Those high in self-confidence tend to rely on personal feedback more than those with low self-confidence. This effect becomes more common as we move up the organizational hierarchy, because the higher someone's rank, the more difficult it is to get useful feedback from others. These challenges aside, feedback can be made even more useful when it is supported by senior managers or is collected from departing employees and from customers. We discuss each of these next.

The Role of Senior Managers and Leaders Nobody likes to give the boss negative feedback. And frankly, many bosses never ask for feedback because they don't want it. For example, one of the authors has worked at multiple universities and companies in various industries, and none of his bosses have solicited feedback—not deans, not department chairs, not executives, not managers—no one. Another problem is that task feedback is less feasible for senior managers because their day-to-day activities are more abstract than those of frontline employees (for instance, formulating strategy versus closing a sale). The predicament for companies is consequential, as noted by Jim Boomer, a CPA and professional service firm consultant:

> [I]f you don't have a system for holding individuals accountable for their goals, all the work, time, and effort that goes into developing these plans is diminished and you've your wasted effort. . . . Leadership tends to hold junior employees accountable but shies away from a formalized system to measure performance at the [senior manager/leader] level. . . . If [senior managers/leaders] are not willing to hold themselves accountable, employees will simply go through the motions and won't buy into a firm-wide performance system.[48]

The value of feedback from subordinates is highlighted by recent research. It showed that when subordinates provided candid feedback, with details and facts, about reward allocations they felt were unfair, their managers tended to make future decisions that were less self-interested and more fair to employees. However, when employees simply complained, managers' subsequent decisions became even more self-interested and more unfair.[49] So what can executives or high-level managers do to improve their response to feedback?

1. They can seek feedback from others by creating an environment in which employees feel they can be honest and open.
2. Separating feedback from the performance review process also helps, especially for executives who typically are reviewed informally if at all.
3. They can create a mechanism to collect feedback anonymously. This is useful if the source of the feedback is not particularly important. For example, a CEO based at headquarters in Phoenix is curious about how she is perceived by the design team in Shanghai. In this instance, she doesn't need to know the views of any specific employee, just the views of employees from that location.

NO SURPRISES! Whoever conducts a performance review should ensure there are no surprises—good or bad! As a general rule, if you are surprised by something shared during your review, your manager is doing a poor job of managing your performance. It also is a sure sign that he or she is not giving you the appropriate quantity and quality of feedback. Most often such surprises occur in performance management systems structured around an annual review. This means that regardless of how frequently performance information is collected, it is communicated and discussed only once a year.

To avoid surprises in your own reviews, check in with your manager periodically and informally ask, "Is there anything I should be aware of? I know we'll have my review later this year, and I want to be sure there are no surprises . . . even positive ones." If you conclude with a smile it is likely your manager will clearly understand your intent.

The following OB in Action box describes the unique approach to employee feedback at Zappos.

OB in Action

How Do You Spell Feedback and Self-Improvement? Z-A-P-P-O-S!

One of the key elements that enables Zappos to have rock star status with its customers and more than 1,400 employees is the company's approach to performance management. The company puts an extremely high premium on feedback, which it sees as fundamental to continuous improvement.[50]

Zappos employees are not only allowed but encouraged to personalize their workspaces. This aligns with the company's values—create fun and a little weirdness—and is believed to foster excellent customer service. © Ronda Churchill/Bloomberg/Getty Images

Form of Feedback Managers are explicitly instructed to provide only instructional feedback (such as the amount of time spent on calls with customers), not evaluative feedback. It is presented as, for instance, the number of times the manager witnessed a particular desirable behavior. The managers must give specific examples of the behavior.

Linked to Values These behaviors, and thus the feedback, are directly linked to the company's 10 core values—deliver WOW through service, embrace and drive change, create fun and a little weirdness, be creative and open-minded, pursue growth and learning, build open and honest relationships with communication, build a positive team and family spirit, do more with less, be passionate and determined, be humble. The company's performance management and associated feedback are all driven by and based on these values.

Use and Frequency of Feedback The company no longer does once-a-year reviews. Instead managers are expected to provide feedback and recognize employees continually, as they exhibit particular behaviors. This means managers decide how frequently to offer input. Moreover, "these assessments are not used for promotion, pay, or disciplinary purposes. Rather, their purpose is simply to provide feedback on how employees are perceived by others."[51]

Not Meeting Expectations? If someone's performance is not up to standards, the company provides a number of free, on-site courses aimed at skill building and improvement.

YOUR THOUGHTS?

1. What are the advantages to the Zappos approach to feedback?
2. What disadvantages are possible?
3. Explain why you would or would not want to be an employee with such a PM system.
4. Assume you are a manager at Zappos. What are the pros and cons of this system for you?

Exit and Stay Interviews Employees quit jobs for many reasons, such as better job opportunities, dual-career issues, money, lack of fairness, bullying, and the most common—a horrible boss. Whatever the reason, exit interviews can provide the feedback that uncovers the true reasons.

When done well, exit interviews can:[52]

1. **Build employee engagement.** Collecting, sharing, and acting on the information gained signals to remaining employees that their views and experiences matter. This in turn can foster engagement.
2. **Highlight needed action.** Because poor management is a common cause of turnover, exit interviews can help pinpoint development needs for managers, such as help for those who tend to micromanage.
3. **Help benchmark.** Exiting employees often can reveal pay and benefits packages of competitors, as well as other factors that make them attractive to key talent.
4. **Make former employees into recruiters.** Providing exiting employees an opportunity to share opinions and experiences can build goodwill in their eyes. Favorable opinions may lead departed employees to recommend their former employer to friends and associates as a good place to work or do business.
5. **Make former employees into customers or partners.** Depending on the nature of the business, former employees may become or remain customers of their past employer's products or services. They may also partner and actually work together. In both cases the former employer wins. For instance, many attorneys leave law firms and go "in house" to work for clients. They then hire the law firm for legal services.

Exit interviews are an excellent means for obtaining feedback regarding reasons employees leave. More recently, some companies also are conducting stay interviews. The reasoning is simple—find out why people stay and do things to keep them. It is far more effective and cheaper to keep good employees than to replace them. © Gustavo Frazao/Shutterstock RF

Savvy managers also want to know why employees stay. It is better to ask than to rely on common sense or assume you know. Former Twitter CEO Dick Costolo told an interviewer he thinks exit interviews are overrated—"Everybody quits their manager." He thinks it is more valuable to find out what the company is doing right in the eyes of its most valuable employees.[53] Many HR professionals share Costolo's view. The argument is that exit interview information, even if actionable, arrives too late. The employee is already gone. In contrast, *stay interviews* "build engagement by allowing your employees' opinions to be heard, acted on and cared about . . . while they're still your employees," according to Curtis Odom, principal and managing partner and Prescient Strategists.[54]

Ideally, employers will do both. Exit and stay interviews have different purposes and provide different types of useful information. Stay interviews, in particular, can create an environment in which managers and employees have more open and frequent communication about what is working and what is not.

Who Seeks Feedback, Who Doesn't, and Does It Matter?

Because both academics and managers agree about its value, feedback has been studied extensively. This work enables us to identify attributes that predict who is more and less likely to seek feedback. The left-hand column of Table 6.5 lists characteristics of employees who are less likely to seek feedback and the right-hand column those who are more likely.

TABLE 6.5 WHO SEEKS FEEDBACK AND WHO DOESN'T

Predictors of Seeking Less Feedback	Predictors of Seeking More Feedback
Tenure with the organization	High learning and performance goal orientation
Tenure in current job	High self-esteem
Age	High-quality relationships

SOURCE: Excerpted from F. Anseel, A. Beatty, W. Shen, F. Lievens, and P. Sackett, "How Are We Doing After 30 Years? A Meta-Analytic Review of the Antecedents and Outcomes of Feedback-Seeking Behavior," *Journal of Management*, January 2015, 318–348.

The above results are interesting and helpful. But does simply seeking feedback improve outcomes? Yes. Seeking feedback is linked with improved

- Job satisfaction
- Proactive work behavior
- Relationship building
- Networking[55]

If any of these outcomes are meaningful to you, then you are well served to ask for feedback. Now let's explore how your perceptions and feedback are linked.

Your Perceptions Matter

Another reason people don't give or get more feedback is that they don't want it. What are your attitudes toward feedback? Do you seek it out? Do you want to hear it only if it is positive? To answer these questions and better understand your desire for feedback, complete Self-Assessment 6.1.

connect **SELF-ASSESSMENT 6.1**

What Is My Desire for Performance Feedback?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 6.1 in Connect.

1. Think of a recent instance when you were given feedback.
2. How does your score help explain your reaction to that feedback?
3. Describe a specific way your desire for feedback (your score) helps or hurts you in college and at work.
4. Given your score, think of ways you can improve your receptiveness for feedback.

Many other factors can affect your perceptions of feedback. For instance, whether the source is credible, the feedback system is fair, and the feedback is negative can all influence your perceptions.

Factors that Affect Your Perceptions of Feedback Many factors influence the way we perceive feedback. For instance, all managers and employees are susceptible to the fundamental attribution bias (your manager attributes your poor performance entirely to you and things you control) and the self-serving bias (you are likely to take credit for positive performance outcomes and attribute poor performance to extrinsic factors). The following also can influence your perceptions of feedback:

1. *Accuracy.* A common criticism of PM systems is that they measure the wrong things or measure the right things the wrong way. Either way, the feedback is inaccurate.

2. *Credibility of the sources.* If a member of your project team points out shortcomings in your work, you are likely to put more weight on the feedback if he or she is an "A" student or top performer. Trust is also critical here. If you don't trust the person delivering the feedback, you will likely be suspicious of his or her intentions and discount its value.
3. *Fairness of the system.* If you perceive the process or outcomes—recall equity theory from Chapter 5—as unfair, you are likely not only to discount the feedback but also to be outraged, withdraw, commit counterproductive work behaviors, and/or quit. Performance appraisals are one of the aspects of organizational life that most commonly reveal issues of fairness.
4. *Performance-reward expectancies.* Effective performance management, particularly ongoing and open feedback between you and your supervisors, is an important means of managing such expectancies.
5. *Reasonableness of the goals or standards.* When it comes to goals, challenging is good, unattainable bad. If your manager says, "You can earn a bonus of up to 50 percent of your salary," ask whether anybody has actually ever earned that much. If not, you may be the first, but more likely the goal is unreasonable.

Any feedback that fails to clear one or more of these cognitive hurdles will be rejected or discounted. Personal experience largely dictates how you weigh these factors. For example, a review of research on disciplinary practices found that people have different perceptions of a disciplinary act based on the gender of the person delivering the discipline, the cultural characteristics of the people involved, and the supervisor's use of apologies and explanations.[56] Given these differences in perception, we recommend that supervisors utilize two-way communication, follow up with the employee to make sure the discipline was understood, use empathy (or apologies if appropriate) to lessen the employee's negative reactions, and focus on helping the employee in the long run.

Negative Feedback Remember, feedback itself is simply information. It becomes positive or negative only when you compare it to a goal or expectation. Such comparisons are the basis for improvement. (Note: Negative feedback is *not* negative reinforcement. You'll learn the important difference later in this chapter.) Generally, people tend to perceive and recall positive feedback more accurately than they do negative feedback. But negative feedback (such as being told your performance is below average) can have a *positive* motivational effect. One study showed that those who were told they were below average on a creativity test subsequently outperformed those who were led to believe their results were above average. The subjects apparently took the negative feedback as a challenge and set and pursued higher goals. Those receiving positive feedback were less motivated to do better.[57]


Negative feedback of course has its place at work—sometimes it is necessary. But be very careful when using it to avoid doing more harm than good. © Photographee.eu/Shutterstock RF

Nonetheless, feedback with a negative message or threatening content needs to be administered carefully to avoid creating insecurity and defensiveness. Put another way, perception matters. Both negative and positive feedback need to provide clear guidance to improve performance. Feedback is most likely to be perceived accurately, and thus more likely to be acted on, when it is instructional and helps achieve an important or valued outcome. Table 6.6 provides guidance for using negative versus positive feedback.

TABLE 6.6 WHEN TO USE POSITIVE AND NEGATIVE FEEDBACK

Positive Feedback Best When Receiver Is	Negative Feedback Best When Receiver Is
Near beginning of pursuing a goal	Near end of pursuing a goal
A novice	An expert
A distant relationship	A close relationship

SOURCE: © Dr. Alan J. Rowe, Distinguished Emeritus Professor. Revised December 18, 1998.

Self-efficacy also can be damaged by negative feedback, as discovered in a pair of experiments with business students. The researchers concluded, "To facilitate the development of strong efficacy beliefs, managers should be careful about the provision of negative feedback. Destructive criticism by managers which attributes the cause of poor performance to internal factors reduces both the beliefs of self-efficacy and the self-set goals of recipients."[58] Managers therefore need to be careful when delivering feedback, due to the effect of feedback on goals.

Feedback Do's and Don'ts

According to Anne Stevens and Greg Gostanian, principal consultants at ClearRock, an outplacement and executive coaching firm, "Giving feedback to employees—and receiving feedback yourself—is one of the most misunderstood and poorly executed human resource processes."[59] Table 6.7 lists important and fundamental do's and don'ts for giving feedback.

Donna Morris, senior vice president of customer and employee experience at Adobe Systems, has spearheaded a dramatic transformation in the way her company manages performance. Regular "check-ins" and "snapshots" are mini and continual opportunities to provide and receive feedback. © Michael Nagle/Bloomberg/Getty Images

Today's Trends in Feedback

Since 2012 there has been a three-fold increase in the number of companies that have abandoned or dramatically altered

TABLE 6.7 FEEDBACK DO'S AND DON'TS

Don't[60]	Do[61]
Don't use feedback to punish, embarrass, or put somebody down.	Keep feedback relevant by relating it to existing goals.
Don't provide feedback that is irrelevant to the person's work.	Deliver feedback as close as possible to the time the behavior was performed.
Don't provide feedback too late to do any good.	Provide specific and descriptive feedback.
Don't provide feedback about something beyond the individual's control	Focus the feedback on things employees can control.
Don't provide feedback that is overly complex or difficult to understand.	Be honest, developmental, and constructive.

the historical annual or biannual review. GE, Adobe, Accenture, and The Gap, among others, are now implementing ongoing and real-time performance conversations. Such continual feedback is often facilitated by technology that enables employees to leave real-time messages about each other's performance.[62] And these conversations are not only between boss and subordinate. Every employee is able to exchange feedback with all the others. This new development holds the promise of being truly more developmental and effective. If done well, it will capitalize on the pros and help limit the cons that were so common in the past (and still are today).

Coaching—Turning Feedback into Change

***Coaching* is a customized process between two or more people with the intent of enhancing learning and motivating change.** Coaching can occur at any step in the PM process, but it most often follows the review and consequences of performance.

One way to look at coaching is that it is an individualized and customized form of performance management. It is different from training, which typically consists only of skill building with the same content delivered to a group of people. It also differs from mentoring, which typically has a career rather than a performance focus and flows exclusively from more senior to more junior employees. All these processes differ from counseling, which usually aims to overcome a problem, conflict, or dysfunctional behavior.[63]

Effective coaching is developmental, has specific performance goals, and typically includes considerable self-reflection, self-assessment, and feedback. In fact, "research from Gallup, McKinsey, and Harvard recommends that giving feedback should be the most used tool in a coach's toolbox."[64] The Self-Assessments throughout this book can serve as important elements for your own coaching.[65] When approached in this way, coaching is not only an important aspect of effective performance management, but it is also consistent with positive organizational behavior. Consider this: If coaching is done in the way described, who wouldn't appreciate it or benefit from it?

Anne Hawley Stevens, founder of ClearRock, is recognized as one of Boston's top executive coaches.
© ClearRock, Inc

6.5 STEP 4: PROVIDING REWARDS AND OTHER CONSEQUENCES

MAJOR QUESTION

How can I use consequences to generate desired outcomes?

THE BIGGER PICTURE

Of course you like being rewarded, but some rewards are more effective than others. In this section you'll learn common types of rewards and the potential outcomes of specific reward systems. You'll see how organizations use various criteria, such as results and behaviors, to distribute rewards, as well as why rewards can fail to motivate as intended.

Rewards are a critical component of performance management. And just as particular motivational approaches affect people differently, so do rewards. Some employees see their job as the source of a paycheck and little else. Others derive great pleasure from their job and association with coworkers. Even volunteers who donate their time to charitable organizations, such as Habitat for Humanity, walk away with rewards in the form of social recognition and the pride of having given unselfishly of their time. People often also see such work as highly meaningful (recall the Chapter 3 discussion). Hence, the subject of organizational rewards includes but goes far beyond monetary compensation. This section examines key factors of organizational reward systems.

Key Factors in Organizational Rewards

Despite the fact that reward systems vary widely, they do share some common components. The model in Figure 6.3 diagrams the relationship of three components:

1. Types of rewards
2. Distribution criteria
3. Desired outcomes

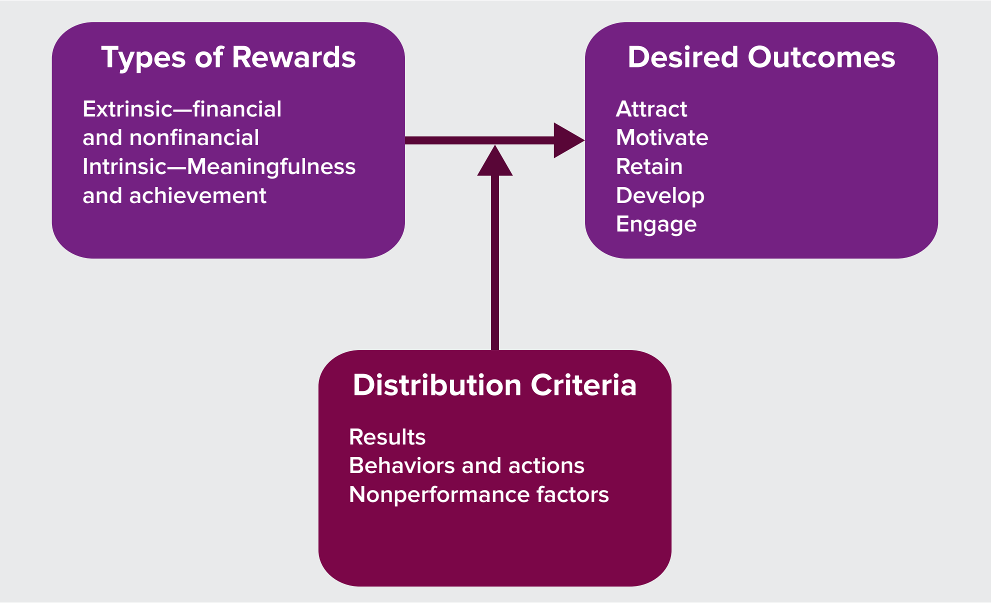
Let us examine these components and then discuss pay for performance.

Types of Rewards

Financial, material, and social rewards qualify as *extrinsic rewards* because they come from the environment. Psychic rewards, however, are *intrinsic rewards* because they are self-granted. If you work primarily to obtain rewards such as money or status, you are extrinsically motivated. If you derive your primary reward from the task itself, or the feeling that your work is meaningful

U.S. Air Force photo by Staff Sgt. Jamal D. Sutter/Released

FIGURE 6.3 KEY FACTORS IN ORGANIZATIONAL REWARD SYSTEMS



and gives you a sense of responsibility, then you are motivated by intrinsic rewards (recall extrinsic and intrinsic motivation from Chapter 5).

The relative importance of extrinsic and intrinsic rewards is a matter of culture and personal preferences, so it is critically important to know what types of rewards you and others value most. This knowledge can make the difference in your getting what you want personally, as well as in your ability to effectively manage others. It can also assist you in identifying employers with whom you fit.[66]

For example, if you're hard-charging, a high income is very important to you, and you like to be rewarded based on your own efforts, then it would be advisable to look for companies whose reward system aligns with your preferences. You also can use your self-knowledge to "manage up." One of the authors of this book routinely told his managers shortly after he was hired which of the rewards available for that particular job he valued most. This helped his managers choose and provide rewards that would have the most positive impact.

Self-Assessment 6.2 will help you identify the rewards you value most and also show you what a survey of employees revealed they valued most. Use your results to complete the Take-Away Application that follows.

connect SELF-ASSESSMENT 6.2

What Rewards Do I Value Most?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 6.2 in Connect.

1. Were your perceptions accurate? Why or why not?
2. What would Vroom's expectancy theory (covered in Chapter 5) suggest you should do?
3. Would you generalize the actual survey results to all nonmanagerial employees? Why or why not?

TAKE-AWAY-APPLICATION

Applying Knowledge of My Preferred Rewards

Using the results of Self-Assessment 6.2, answer the following:

1. Which rewards in the list are extrinsic? Intrinsic?
2. Do your personal top five most-valued items contain more intrinsic or extrinsic rewards?
3. What are your three most valued rewards from the list?
4. Assume you are job hunting. How can you find out whether a given company provides the three rewards you value most?

Distribution Criteria

Organizations use three general criteria for distributing rewards:

- *Results.* Tangible results include quantity produced, quality, and individual, group, or organizational performance. These are often accounting-type measures—sales, profit, or error rate. Employers increasingly include customer satisfaction.
- *Behavior and actions.* Examples are teamwork, cooperation, risk taking, and creativity.
- *Nonperformance considerations.* Examples are abundant, such as rewards linked to seniority or job title. Associate attorneys' salaries are often linked to the number of years out of law school—first-year associates get paid a set salary, which differs from second-year associates, and so on. Night or weekend shifts often pay differently. Perks, like use of a company plane or membership to a golf club, often received by executives are nonperformance rewards. They get them just because they hold the job not because of what they do.[67]

Industries, companies, and jobs all differ, and so too should their performance and reward-distribution criteria. Many Internet-based companies, for example, track number of page views, registered users, and app downloads as performance criteria. These may or may not be relevant to individual employee, team, or organizational performance.

Netscape founder, and now legendary tech investor, Marc Andreessen is leading a charge to do away with what he calls "vanity" or "bull#$!% metrics." He argues that many common metrics are meaningless and don't capture performance. "Download counts can easily be inflated if an app developer is willing to pay."[68]

Analytics company Mixpanel is attempting to help with this very problem. Suhail Doshi, one of Mixpanel's founders, said: "Every business has a natural goal that correlates with its success. For instance, Yelp benefits most when it has more reviews, and Instagram when it has more photos uploaded. Measuring that 'one key metric' can lead to insights that are particular to that business, and optimizing for it can give the company an edge versus competitors that are not so fine-tuned."[69]

An excellent example is Facebook. The company has well over 1 billion members, but more meaningful is the number of monthly active users. At the end of 2015 that stood at 1.49 billion, more than for WhatsApp, Twitter, and Instagram combined.[70] This measure is one way of comparing Facebook's performance to competitors'. It also is an excellent measure of customer engagement, which is what many companies—not just social media companies—want.

In sum, effective PM includes measures, rewards, and distribution criteria that are aligned.[71]

Desired Outcomes of the Reward System

As Figure 6.3 showed, a good reward system should not only attract and motivate talented people, but it should also foster development and keep talented people from leaving. A prime example is Tulsa-based QuikTrip, a gas station and convenience store chain. Good employee wages and benefits, training, and a friendly and supportive culture result in an annual turnover rate of just 13 percent. The industry average is 59 percent! An employee was quoted as saying, "We actually have to open new markets to create movement to give our employees an opportunity to advance because no one leaves." No wonder QuikTrip made *Fortune's* list of Best Companies to Work For (especially for Millennials).[72]

The Applying OB box below addresses the important topic of rewards and teams.

Applying OB

Put the "I" in Team with Appropriate Incentives

Many companies and leaders trumpet the importance of teamwork—we win or lose together. Yet most of these same companies reward individuals and not teams. Such inconsistencies undermine teamwork and the effectiveness of PM. If teamwork is truly important, then the following recommendations can ensure that PM practices send consistent signals.

1. *Split 50-50.* Awards, bonuses, and recognition should be split evenly. If there is an employee of the year, then be sure to have a team of the year. If money is allocated too, be sure teams and individuals get the same.
2. *Acknowledge assistance.* Don't take team members' help for granted. The supporting cast needs to be explicitly recognized.
3. *Allocate credit.* Acknowledging others is not enough. Also give them appropriate credit. If a plaque, check, or trip is given to a top-performing individual, then give the same to an entire team.
4. *Show enthusiasm and fanfare.* Be sure energy and attention for team incentives matches that for individuals.
5. *Measure both!* If teams are indeed valuable, create and utilize effective means for measuring team performance, just as you do for individuals.

Be Sure You Get the Outcomes You Desire

Rewards are exchanges—you are given this for doing that. Professors sometimes give extra credit for doing well in an assignment or course. At work, you may be paid a cash bonus or your commission rate may increase for performing above and beyond your sales quota. Employees of design consulting firm Kimley-Horn and Associates are able to nominate coworkers for spot rewards of $50. Does it work? Last year 4,468 such rewards were given, totaling $245,000 in bonuses.[73]

And as we'll explore, rewards come in many forms—financial and nonfinancial. But whatever the case, whoever provides the reward should get what is desired or intended in exchange. There are three potential outcomes from rewards:

1. *Desired outcome.* You get more of what you intended and for which you are rewarding people.
2. *Nothing.* The reward can have no effect.
3. *Undesired side effects.* Rewards reinforce or motivate the wrong behaviors.

For example, doctors and hospitals in the US health care system have historically been compensated for the services they provide. This means providers make more money when they run more tests and provide more treatments. Thus postoperative infections and procedure-related strokes are on average twice as profitable as cases that go smoothly.

A study by Harvard Medical School, Bain Consulting Group, and Texas Health Systems found:

> Private-insurance and Medicare payments soared when surgeries went awry, outpacing extra treatment costs. In one example, a complication during an intestinal surgery . . . could lead to an intensive care stay, boosting payments five-fold. . . . On average, procedures with complications netted $15,700 versus $7,600 for procedures that went well.[74]

People should get paid for their expertise and work. But performance management is part of both the cause and the solution to this enormous challenge. This example also illustrates how the distribution of rewards can be both an input and a process in the Organizing Framework.

The take-away: Be sure your performance management system produces the *desired* outcomes and be mindful of undesirable side effects.

Total and Alternative Rewards

Including the usual paycheck, the variety and magnitude of organizational rewards have evolved into a mind-boggling array—from child adoption and partner benefits to college tuition reimbursement and stock grants and options. All these are extrinsic rewards, and it is common for nonwage benefits to be 50 percent or more of total compensation.

A report by the Society for Human Resource Management describes the current and broader perspective that is "total rewards." ***Total rewards*** **encompass not only compensation and benefits, but also personal and professional growth opportunities and a motivating work environment that includes recognition, job design, and work–life balance.** Table 6.8 lists and describes the key components of a total rewards perspective.

This broader view of rewards has grown partly in reaction to stiffer competition and challenging economic conditions, which have made it difficult for cost-conscious organizations to offer higher wages and more benefits each year. Employers have had to find alternative forms of rewards that cost less but still motivate employees to excel.

Alternatives to Money and Promotions McKinsey Consulting found that three noncash rewards were at least as effective as monetary rewards such as cash bonuses, increased pay, and stock options. Those rewards are:

1. Praise from immediate managers (e-mail or handwritten notes, recognition in meetings).
2. Attention from leadership (one-on-one conversations with top leaders, lunch).
3. Opportunities to lead projects or task forces (such as for new products, new practices, or market research).[76]

TABLE 6.8 COMPONENTS OF A TOTAL REWARDS PERSPECTIVE[75]

Component	Description
Compensation	Base pay, merit pay, incentives, promotions, and pay increases
Benefits	Health and wellness care, savings and retirement planning, and paid time off
Work–life effectiveness	Policies and practices to help employees thrive at work and home
Recognition	Formal and informal programs that acknowledge employee efforts and behaviors that support the organization's strategies and objectives
Talent development	Training, career development, and other support necessary to improve performance and advance careers

OB in Action

Foosball? No Thanks. Stock that Matters? Sign Me Up!

Free food, beverages, foosball, and a wide assortment of additional perks are now common at many tech companies. Just as Microsoft, Google, and Facebook pioneered these benefits, today's start-ups are now leading the way on the employee benefit frontier. The motive for the new practices they're introducing is to attract, retain, refresh, and boost performance.

Stock that Pays Kik is a social-sharing technology start-up valued at $1 billion. Its approach to rewarding employees with company stock is novel. Historically, when employees left start-ups, they had 90 days to cash out their options or lose them. This often meant they had to borrow funds to buy the stock. Making matters worse, if they then sold the stock, taxes were due on the gains. That enormous expense is a major reason only about 5 percent of employee stock options are ever exercised. Kik founder and CEO Ted Livingston didn't think this was fair or productive. Now Kik employees don't have such time constraints for cashing out. Pinterest followed suit, giving its employees seven years. The leaders of both firms are convinced ending the time limit makes it easier to attract and retain talent.

Vacation You Must Take Kik, like other companies in the recent past, adopted an unlimited vacation policy. Take as much as you want, so long as your work is done. But employees took less rather than more, defeating the intention of giving them time to recharge. The solution? A must-take vacation policy that requires every employee to take at least one week every four months.

In an attempt to solve a similar problem, the app developer Evernote gives its employees $1,000 to spend if they take at least a week off. And the CEO of FullContact implemented a "paid paid vacation" policy. The company will "fund any trip an employee wanted to take to the tune of $7,500 as long as they actually went somewhere and didn't check their work e-mail the entire time."[77]

YOUR THOUGHTS?

1. Describe three benefits of the stock reward practices at these companies. Explain not only the benefit but how or why it works.
2. Why do you think the companies noted had such difficulties getting employees to take time off, even with unlimited vacation-time policies in place?
3. Assume you are a founder and CEO of a company. What are your concerns about implementing such policies?

Why Rewards Often Fail and How to Boost Their Effectiveness

Here are some of the reasons rewards often fail to motivate.

1. Too much emphasis on monetary rewards.
2. Sense in recipient that extensive benefits are entitlements.
3. Fostering of counterproductive behavior (as discussed in Chapter 2).
4. Long delay between performance and reward.
5. One-size-fits-all rewards.
6. Use of one-shot rewards with short-lived motivational impact.
7. Continued use of demotivating practices such as layoffs, across-the-board raises and cuts, and excessive executive compensation.[78]

One way to use these findings is as a checklist. The Take-Away Application box provides you an opportunity to apply your new knowledge and help ensure that managers and employers get more for their reward bucks!

TAKE-AWAY APPLICATION

Understanding Why Some Rewards Fail to Motivate

Evaluate the rewards you receive at school, at work, and in other areas of life against the seven reasons listed above for why rewards fail to motivate. For school, try to think of a reward other than grades.

1. Decide whether any rewards you receive suffer one or more of these shortcomings.
2. If you were to improve the motivational effects of this award, what would you change? (Use the list as a guide, but feel free to include other suggestions.)

How to Boost the Effectiveness of Rewards One step that can improve the effectiveness of almost any reward system is involving employees in devising the system. Recall the discussion of motivation and procedural justice in Chapter 5. Including them in the design, selection, and assessment of rewards programs increases the chance that employees will perceive the rewards as fair and valuable. (Valuable rewards are valence outcomes in expectancy theory from Chapter 5.) Involvement also fosters employee engagement—discussed in Chapter 2—because it makes them feel valued.

Despite these benefits, only 11 percent of respondents in one study said their companies included employees in the design of reward programs,[79] which means 89 percent of companies do not. This may present you and your current or future employers with an opportunity: Including employees is one way to get ahead of the competition.

Problem-Solving Application

Garbage. . . Not Just the Work but the Outcomes Too

City officials in Albuquerque, New Mexico, needed to cut costs. Among the targets they identified was overtime pay of trash collectors. The officials decided to pay trash collection crews for eight hours of work no matter how long it actually took them to finish their routes. The hope was that the crews would work more efficiently and quickly, given that they could then go home early and still get paid for eight hours of work.

This PM practice seemed like a success, and overtime costs dropped significantly. However, unintended consequences emerged. Crews overloaded their trucks to reduce the time they spent going to the dump, but strict weight limits resulted in fines when they arrived. So they drove faster, which resulted in more tickets and accidents. Sometimes they skipped trash pickups and truck maintenance, which generated customer complaints and more frequent vehicle breakdowns.[80]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem city officials wanted to fix.

Step 2: Identify the potential causes of this problem. (Consider also the common reasons rewards fail to motivate.)

Step 3: Make your recommendations.

Pay for Performance

Pay for performance **is the popular term for monetary incentives that link at least some portion of pay directly to results or accomplishments.** Pay for performance is compensation above and beyond basic wages and salary, and its use is consistent with recommendations derived from the expectancy theory of motivation.[81] Many people refer to it simply as *incentive* or *variable pay,* which has consistently grown as a percentage of total compensation for decades. This means that over the course of your career, an increasing portion of your pay will be variable.

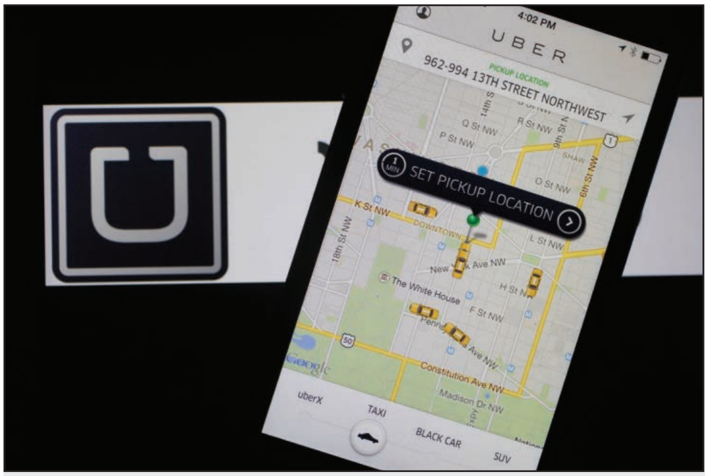
The general idea behind pay-for-performance schemes—including but not limited to merit pay, bonuses, and profit sharing—is to give employees an incentive for working harder and/or smarter. Supporters of incentive compensation say something extra is needed because hourly wages and fixed salaries do little more than motivate people to show up and put in the required hours. We look next at the types of pay for performance.

Piece-Rate Pay The most basic form of pay for performance is the traditional piece-rate plan, in which the employee is paid a specified amount of money for each unit of work. Many contractors use such plans, such as by paying a set amount for replacing a roof, number of homes connected to the Internet, or boxes of cookies sold.

Commissions Sales commissions, whereby a salesperson receives a specified amount of money for each unit sold, are another long-standing example of pay for performance. This approach is utilized very successfully by ride-sharing companies Uber and Lyft, as well as many other companies in the "gig economy." In these arrangements companies contract with people to do work for a set fee or commission. The company benefits by not having to officially hire employees or pay the associated costs (such as taxes and benefits), while the workers get to control their hours, location, and amount of work they perform.

Aligning Organizational Objective and Rewards Nutrisystem, the weight-loss program, meets many of its organizational objectives by using pay for performance. The company aims to increase sales, staff particular working hours, and expand its customer base. Its call-center sales associates are paid the greater of either an hourly rate ($10 an hour for the first 40 hours per week and $15 an hour for any additional hours) or a flat-rate

Selling Girl Scout cookies is a famous form of piece-rate work. Each year Girl Scouts sell approximately 200 million boxes and take in $776 million.[82] © Jeff Greenberg/UIG/Getty Images



Uber has over 300,000 active drivers in the United States, who earn 70 to 80 percent of each fare they collect.[83] © Andrew Harrer/Bloomberg/Getty Images payment based on sales. Unlike conventional commissions, the flat rate is not tied to the sales price of the product. Instead, the payments vary depending on the shift during which the sale occurs and whether the sale resulted from an incoming or outgoing call. Higher payments are made for outgoing calls and for sales during off-peak times. Thus Nutrisystem incentivizes employees to work less-desirable hours and to make outgoing calls. The company also avoids overtime payments while at the same time rewarding desired employee behaviors.[84] This example underscores the increasingly common practice of using performance criteria in reward systems.

Making Pay for Performance Work

As in all other OB topics, we can use research and practice as a guide. Monetary rewards can work if they help people meet their basic needs, confer status, or allow people to provide for their families.

However, monetary rewards do not increase knowledge, skills, and abilities, nor do they enrich jobs or enhance intrinsic motivation.[85] Research shows mixed outcomes for pay for performance—sometimes increased performance results and sometimes decreased performance. A comprehensive review of the literature found only a modest positive relationship between financial incentives and performance *quantity,* and no impact on performance *quality.*[86] The results are especially unimpressive for executive performance. Only a weak link was found between large executive bonuses paid out in good years and improvement in corporate profitability in subsequent years.[87]

Bernie Marcus, cofounder and former board member of Home Depot, was an early advocate of pay for performance and supported clawing back bonuses from executives who didn't meet performance expectations. In fact, during his time as a leader at the company he often refused bonuses.

John Thain, former CEO of CIT Group, had his bonus cut 30 percent because he did not effectively integrate One-West, a company CIT Group acquired. The rationale was that he had "plenty of time to get his ducks in a row . . . Closing a deal is only the beginning. CIT's approach, tying incentives to the actual achievement of the promised benefit of a merger, is the right one. . . Even when a merger is sensible, making it work is a crucial part of the job for a company's leaders."[89]

However, companies with the best pay-for-performance results

- Paid top performers substantially more than their other employees.
- Reduced "gaming" of the system by increasing transparency.
- Utilized multiple measures of performance.
- Calibrated performance measures to ensure accuracy and consistency.

A company's culture should reinforce such practices, and leadership support is the most important contributor to such a culture. Even with limited compensation dollars to spend, "the best pay for performance organizations often carve out funds for extra rewards to high performers and tend to see fewer employees whose performance is rated as high," noted a PM consultant.[90]

John Thain is a three-time Wall Street CEO; he led the New York Stock Exchange, Merrill Lynch, and most recently CIT. Many people outside Wall Street know him best for being fired from Merrill Lynch after it was merged with Bank of America during the Wall Street meltdown of 2009. Not only was Thain accused of not disclosing Merrill Lynch's true mortgage liabilities, but he also spent $1 million renovating his own office during the same period.[88]

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6.6 REINFORCEMENT AND CONSEQUENCES

MAJOR QUESTION

How can I use reinforcement and consequences to improve performance?

THE BIGGER PICTURE

In this section, you'll learn about three especially effective and practical means for influencing your behavior and that of others: (1) the law of effect and the way it relates to respondent and operant conditioning; (2) common types of reinforcement; and (3) the way managers can increase the effectiveness of reinforcement using a variety of reinforcement schedules.

Providing consequences is the last stage of the performance management process. Do managers always get it right? Consider these scenarios:

- You stop making suggestions on how to improve your department because your boss never acts on your ideas.
- Your colleague, the ultimate political animal in your office, gets a great promotion, while her more skilled coworkers (like you) scratch their heads and gossip about the injustice.

In the first instance, a productive behavior faded away for lack of encouragement. In the second. unproductive behavior was unwittingly rewarded. The way rewards, and consequences more generally, are administered can make or break performance management efforts. Effective use of these OB tools is particularly important given that pay raises and promotions are often powerful career outcomes in the Organizing Framework. They often influence subsequent perceptions of fairness, intentions of quitting, emotions, and a range of behaviors at work.

The pioneering work of Edward L. Thorndike, B. F. Skinner, and many others since have outlined behavior modification and reinforcement techniques. These techniques help managers achieve the desired effect when providing feedback and granting rewards.

The Law of Effect—Linking Consequences and Behaviors

During the early 1900s, psychologist Edward L. Thorndike observed in his lab that a cat would behave randomly when placed in a small box with a secret trip lever that opened a door. However, once the cat had accidentally tripped the lever and escaped, it would go straight to the lever when placed back in the box. Hence, Thorndike formulated his famous ***law of effect,*** **which says behavior with favorable consequences tends to be repeated, while behavior with unfavorable consequences tends to disappear.**[91] This was a dramatic departure from previous notions that behavior was the product of instincts.

Using Reinforcement to Condition Behavior

B. F. Skinner refined Thorndike's conclusion that behavior is controlled by its consequences. Skinner's field of work became known as *behaviorism* because he dealt strictly with observable behavior. He believed it was pointless to explain behavior in terms of unobservable inner states, such as needs, drives, attitudes, or thought processes.[92] He instead drew an important distinction between two types of behavior: respondent and operant behavior.[93]

Skinner labeled **unlearned reflexes or stimulus–response (S–R) connections *respondent behavior*.** This category of behavior describes a very small proportion of adult human behavior, like shedding tears while peeling onions and reflexively withdrawing your hand from a hot stove.[94]

Skinner attached the label ***operant behavior* to behavior learned when we "operate on" the environment to produce desired consequences. Some call this view the response–stimulus (R–S) model.** Years of controlled experiments with pigeons in "Skinner boxes" led to the development of a sophisticated technology of behavior control, or *operant conditioning*.

For example, Skinner taught pigeons how to pace figure eights and how to bowl by reinforcing the underweight (and thus hungry) birds with food whenever they more closely approximated target behaviors. Skinner's work has significant implications for OB because the vast majority of organizational behavior falls into the operant category.[95]

Contingent Consequences

According to Skinner's operant theory, contingent consequences control behavior in one of four ways:

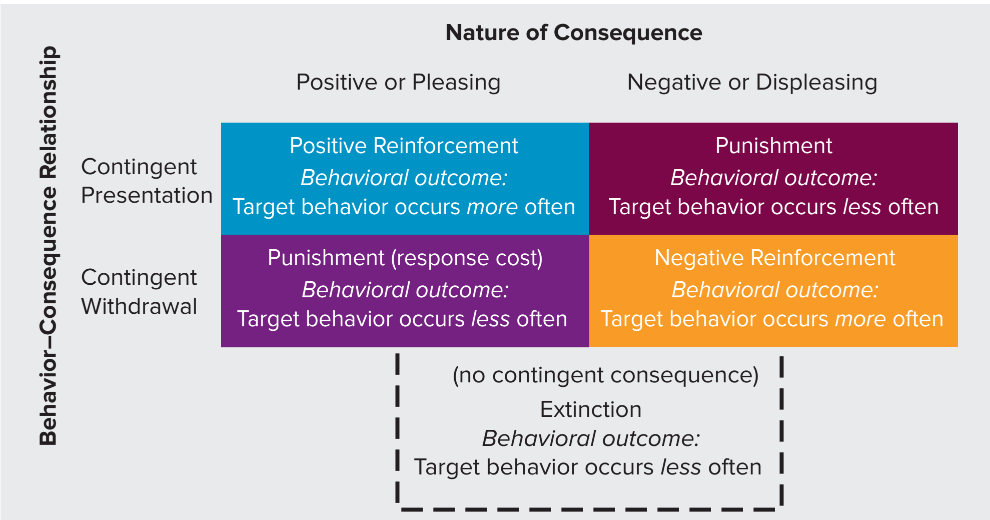
1. Positive reinforcement
2. Negative reinforcement
3. Punishment
4. Extinction

The term *contingent* here means there is a purposeful if-then link between the target behavior and the consequence. So you should first think of the target behavior and whether you want to increase or decrease it, and then choose the appropriate consequence (see Figure 6.4). We next look more closely at the four behavioral controls.

Increase Desired Behaviors

***Positive reinforcement* is the process of strengthening a behavior by contingently presenting something pleasing.** A behavior is strengthened when it increases in frequency and weakened when it decreases in frequency. For instance, in the wake of the BP oil spill in 2010, newly appointed CEO Bob Dudley based 100 percent of employees' variable pay (bonuses) on safety for the fourth quarter of 2010.[96] This was a reward or reinforcer for safe behaviors.

FIGURE 6.4 CONTINGENT CONSEQUENCES IN OPERANT CONDITIONING



Negative reinforcement **also strengthens a desired behavior by contingently withdrawing something displeasing.** For example, many probationary periods for new hires are applications of negative reinforcement. During probation periods (often your first 30, 60, or 90 days on a new job) you need to have weekly meetings with your boss or have somebody sign off on your work. Once you've demonstrated your skill, these requirements are removed.

It's easy to confuse *negative reinforcement* with *negative feedback,* which is a form of punishment. Negative reinforcement, as the word *reinforcement* indicates, strengthens a behavior because it provides relief from something undesirable (paperwork, meetings, or yelling).

Decrease Undesired Behaviors ***Punishment*** **is the process of weakening behavior through either the contingent presentation of something displeasing or the contingent withdrawal of something positive.** The U.S. Department of Transportation now fines airlines up to $27,500 per passenger for planes left on the tarmac for more than three hours. This policy reduced reported cases from 535 to 12 in the first year it was implemented.[97]

And while approximately 69 percent of companies have employee health and wellness programs, and 75 percent of these use incentives,[98] some companies are now punishing employees for unhealthy behaviors. CVS Caremark, for instance, now requires its employees to participate in health screenings or pay an extra $600 for their health care premiums.[99]

This practice is supported by research at the University of Pennsylvania. The administrators offered different cash incentives for employee participation in "step programs," with a goal that every employee should walk 7,000 steps per day. The incentives did not affect goal achievement any better than having no incentives. However, participants who would have been penalized for not walking 7,000 steps reached the goal 55 percent of the time. A related study produced similar results. Participants who were at risk of losing their $550 health insurance premium incentive for noncompliance with healthy behaviors were more successful than those that were rewarded for doing so.[100]

Weakening a behavior by ignoring it or making sure it is not reinforced is referred to as *extinction.* Discouraging a former boyfriend or girlfriend by blocking phone calls or texts or unfriending the person on Facebook is an extinction strategy.

A good analogy for extinction is the fate of your houseplants if you stopped watering them. Like a plant without water, a behavior without occasional reinforcement eventually dies. Although they are very different processes, both punishment and extinction have the same weakening effect on behavior.

The bottom line: Knowing the difference between these various forms of contingent consequences provides you with a number of powerful tools with which to manage yourself and others. Put another way, you just learned four tools for influencing behavior. Most people think of and use only two—positive reinforcement and punishment (negative feedback). Apply your knowledge and get ahead!

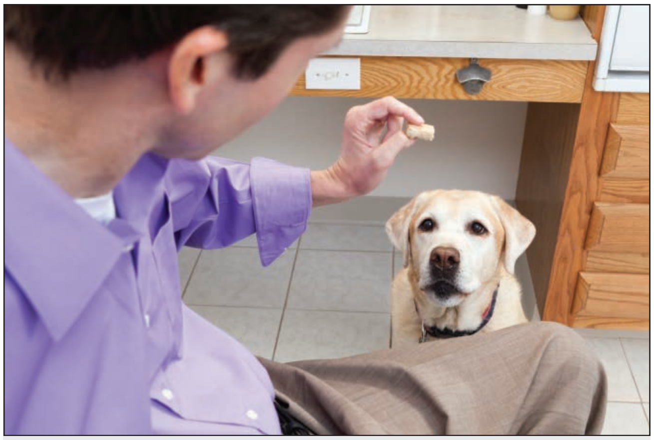
Positive Reinforcement Schedules

You can supercharge or at least enhance the effectiveness of positive reinforcement (rewards) by managing the timing or schedule of reinforcement. Continuous and intermittent reinforcement schedules are two common means for timing the administration of reinforcers.

Continuous Reinforcement **If every instance of a target behavior is reinforced, then a *continuous reinforcement* (CRF) schedule is in effect.** For instance, if you get paid every time you make a sale, this is a CRF schedule. The sale is the desired behavior and payment is the reinforcement. CRF is especially useful for making early links between desired behaviors and outcomes, but they are susceptible to perceptions of entitlement and rapid extinction if the link is broken.

Just as you train your dog to do a new trick by providing a reward each time he or she does it successfully, CRF schedules are especially useful when employees learn a new task or skill. For example, assume you are asked to conduct an analysis of the individual purchasing patterns of your employer's largest customers. Your manager could help you develop this skill by giving you feedback as you complete the analysis for each customer. This feedback and recognition reinforce your performance on this new task. However, you can see that while this reinforcement is especially helpful and appreciated for the first few customer analyses, it likely loses its effect after the 10th, 20th, and 30th customer. Enough already!

One way to help guard against the fading benefit of reinforcers is to use intermittent schedules.



Like dogs, humans respond to reinforcement. To make this work for you, identify a behavior you want somebody to perform, and when they do be sure to shower them with praise, recognition, or some other form of reward they value and tell them it is because of what they did. The behavior will likely happen again. © Huntstock/Getty Images RF

Intermittent Reinforcement Unlike CRF schedules, ***intermittent reinforcement*** **consists of reinforcement of some but not all instances of a target behavior.** There are four subcategories of intermittent schedules. Table 6.9 shows them along with examples.

TABLE 6.9 REINFORCEMENT SCHEDULES, EXAMPLES, ADVANTAGES, AND DISADVANTAGES

Reinforcement Schedule	Examples	Advantages	Disadvantages
Fixed ratio	Piece-rate pay; bonuses tied to the sale of a fixed number of units	Clear and predictable link between the behavior and the reinforcer	Costly to monitor performance and administer reinforcers (like money); reinforcers lose effect over time
Variable ratio	Slot machines that pay after a variable number of pulls; lotteries that pay after a variable number of tickets sold	Strong motivation to continue until reinforcer is received; less costly than fixed ratio	Some desired behaviors will not be rewarded; potentially long periods between reinforcers (such as payouts)
Fixed interval	Paychecks (every two weeks or once a month); annual bonuses; probationary periods	Clear and predictable link between the behavior and reinforcer; less costly than fixed ratio	Inconsistent effort and performance over the interval (majority of effort/performance occurs near reinforcer)
Variable interval	Random supervisor "pats on the back"; spot rewards; random audits (financial); random drug tests of athletes and employees; pop quizzes	Consistent and strong motivation to perform over time; least costly schedule due to relatively little monitoring and administration	Some desired behaviors will not be reinforced; potentially long periods between reinforcers (payouts)

Work Organizations Typically Rely on the Weakest Schedule

Generally, variable ratio and variable interval schedules of reinforcement produce the strongest behaviors that are most resistant to extinction. As gamblers will attest, variable schedules hold the promise of reinforcement after the next roll of the dice, spin of the wheel, or pull of the lever. In contrast, continuous and fixed schedules are the least likely to elicit the desired response over time. Nevertheless, the majority of work organizations rely on fixed intervals of reinforcement, such as hourly wages and annual reviews and raises.

Reinforcement Schedules and Performance Figure 6.5 illustrates the relative effect of the schedules on performance over time. Consider three professors who teach different sections of the same OB course. Assume their students are essentially equal in age, experience, and GPAs across the three sections. This is the scenario:

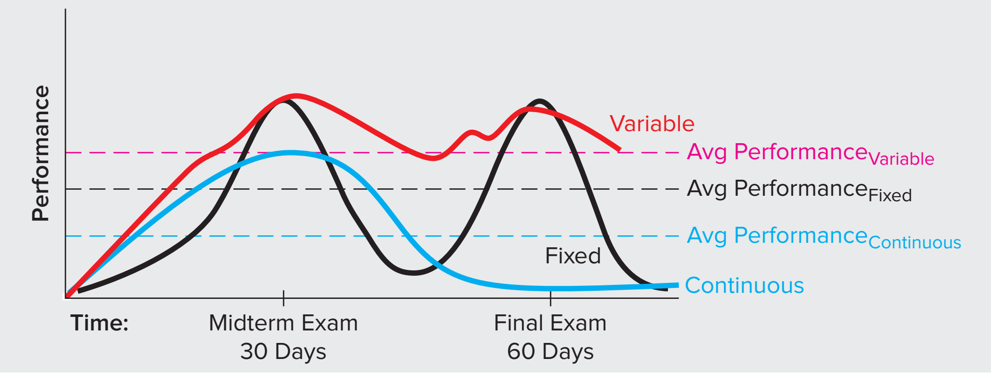
- Professor Blue bases student grades solely on short quizzes given at the beginning of every class (continuous reinforcement).
- Professor Black bases grades on a midterm and final exams of equal weight (fixed interval).
- Professor Red uses a number of unannounced or pop quizzes (variable interval).

We expect the level of preparation for each class and overall academic performance (preparation and learning) to follow the patterns in Figure 6.5. Professor Blue's students will start fast and prepare diligently for each class. However, they will then settle into a routine and a common level of preparation. Over time they will figure out what is required and do less. Some may even quit preparing once they have a clear sense of what their overall grade will be.

The pattern for Professor Black's students is all too common. They start slowly, knowing there is plenty of time before the midterm. When it grows near, the intensity of their preparation increases and some begin cramming. Once the midterm passes, they disconnect for a while until they ramp up again for the final.

In contrast, Professor Red's students will likely maintain a higher average level of preparation throughout the course, because there is a chance they will have a pop quiz and be graded in every session.

FIGURE 6.5 REINFORCEMENT SCHEDULES AND PERFORMANCE



SOURCE: © 2014 Mel Fugate.

The bottom line: Students generally don't like unannounced or pop quizzes. However, if the professor's goal is increased student preparation and learning, then variable-interval grading is one means for generating a higher average level of performance.

These same patterns and results apply in business settings too. For instance, many sales and professional service jobs such as accounting and law have monthly numbers to meet, like sales or billable hours. This often means employees get far more work done in the last few days of the month than in the beginning (see Figure 6.5).

Practical Implications for Using the Strongest Schedule In general, any type of consequence—whether reward or punishment—is more effective when administered in proximity to the behavior. Effectiveness wears off as time passes.[101] You are unlikely to change your professor's grading format or the timing of your employer's pay and bonus schedules. However, there are many ways you can put your knowledge of positive reinforcement schedules to use within the confines of existing practices.

Spot Rewards. At work, spot rewards are highly effective. If your coworker has worked hard to make your project a success, recognize her efforts via an e-mail to the entire team including your manager. Your manager, in turn, may decide to give Friday off to those who complete their current work satisfactorily and ahead of schedule.

Variable Rewards/Bonuses. Entrepreneurs can especially benefit from applying knowledge of reinforcement schedules. Assume you started your own business and, like many new businesses owners, you are short on cash. You would like to provide regular bonuses and pay raises, but you can afford monetary rewards only when your company secures a new customer or a big order. The variable nature of these rewards not only recognizes employees' efforts and success, but it also motivates them to work hard in the future because they know that such efforts are recognized and reinforced.

Celebrations. When it comes to school, we advocate celebrating and thus reinforcing "victories," such as completing a paper, achieving a good score on an exam, and ending a semester in which you worked hard and performed well. Scattering these reinforcers throughout the semester can help motivate and reenergize you to work hard in the future, especially if you make these rewards contingent on good behavior.

All three of these examples apply variable schedules. Think of your own examples and consider their effectiveness. Reinforcement schedules, like the larger process of performance management, are often limited only by your creativity and willingness to apply your knowledge. Use the knowledge of PM you gained in this chapter to better understand existing practices and improve those you control.

What Did I Learn?

In our coverage of performance management, you learned how you can use goals, feedback, rewards, and reinforcement to boost effectiveness. Reinforce your learning with the Key Points below. Consolidate it using the Organizing Framework. Then challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 6

You learned the following key points.

6.1 PERFORMANCE MANAGEMENT PROCESSES

- Effective performance management (PM) is a process of defining, monitoring, reviewing, and providing consequences.
- PM is often used for employee-related decisions and development. It also is a powerful means for signaling what is wanted or not.
- Employee perceptions of the value and effectiveness of PM are often very low.
- Managers and leaders are critical to the perceived and actual success of PM.

6.2 STEP 1: DEFINE PERFORMANCE—EXPECTATIONS AND GOALS

- Goal setting is critical to effective PM.
- Both learning and performance goals can be used.
- SMART goals are more likely to be achieved.
- Goal commitment, support and feedback, and action plans foster goal achievement.
- PM can be improved using behavioral, objective, and task/project goals.

6.3 STEP 2: PERFORMANCE MONITORING AND EVALUATION

- Monitoring performance requires making effective measurements of progress and/or outcomes, such as of the timeliness, quality, or quantity.
- Evaluation requires comparing performance measures to expectations or goals.
- Performance evaluation is often hampered by perceptual errors.
- Multi-rater or 360-degree feedback can make performance evaluation more accurate.

6.4 STEP 3: PERFORMANCE REVIEW, FEEDBACK, AND COACHING

- Two basic functions of feedback are to instruct and motivate.
- Sources of feedback include others, the task, and yourself.
- Leaders and managers often don't receive useful feedback, yet both are critical in ensuring that others do receive it.
- The effectiveness of positive and negative feedback is greatly influenced by the receiver's perceptions.
- Coaching helps translate feedback into desired change.

6.5 STEP 4: PROVIDING REWARDS AND OTHER CONSEQUENCES

- Rewards can be extrinsic or intrinsic.
- Results, behavior, and nonperformance considerations are common criteria by which rewards are distributed.
- Rewards are tools to help achieve desired outcomes, such as to attract, motivate, retain, develop, and engage employees.
- Alternate rewards practices increasingly common today are total rewards, noncash, and pay for performance.

6.6 REINFORCEMENT AND CONSEQUENCES

- According to the law of effect, behaviors are either repeated or diminished depending on the desirability of the consequences to which they are linked.
- Providing contingent consequences is fundamental to effective reinforcement.

- Both positive and negative reinforcement increase desired behaviors.
- Punishment and extinction both decrease undesirable behaviors.
- The schedule on which reinforcers are administered can increase their effectiveness.

The Organizing Framework for Chapter 6

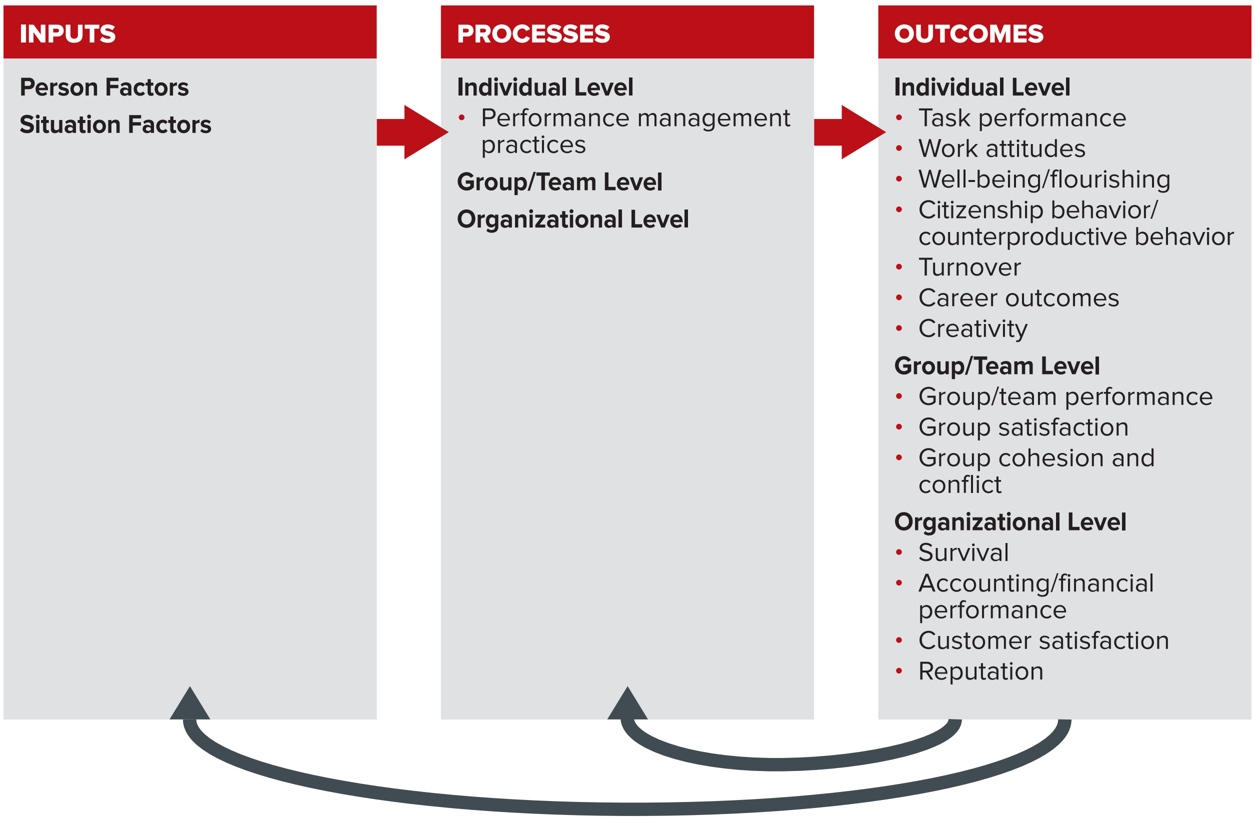
As shown in Figure 6.6, performance management practices are associated with nearly every outcome across the three levels of OB. At the individual level these outcomes are task performance, work attitudes, well-being/flourishing, citizenship and counterproductive behaviors, turnover, career outcomes, and creativity. Group and team-level performance, along with group satisfaction, cohesion, and conflict, are similarly related. As for the organizational level, performance management practices link to accounting/financial performance, customer satisfaction, reputation, and even an organization's overall survival.

Challenge: Major Questions for Chapter 6

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 6.6, the chapter itself, and your notes to revisit and answer the following major questions:

1. What are the elements of effective performance management, and how can this knowledge benefit me?
2. How can improving my goal setting give me an advantage?
3. How can performance monitoring and evaluation improve my performance and my ability to manage the performance of others?
4. How can I use feedback and coaching to review and improve performance?
5. How can I use consequences to generate desired outcomes?
6. How can I use reinforcement and consequences to improve performance?

FIGURE 6.6 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

We offer six notable applications. First, look for companies and managers with PM practices that align with your personal values, preferences, and aspirations. If you like continual feedback and large differentials between top and low performers, find opportunities that match. Second, compare what managers and organizations say they value and what they reward. Many will say they value and reward performance, but they give everybody the same 3 percent raise or promote people based on tenure rather than performance. Third, use Table 6.2 to build your own goal commitment; this alone can set you apart from the competition. Fourth, if you're not given regular feedback, ask for it. This step will help you avoid surprises during your reviews and boost your performance in between. Fifth, using Self-Assessment 6.2, identify the rewards you value most, then tell your managers which available rewards you value most. Be sure to think broadly about rewards, and don't think only about the money. If you value time (vacation), autonomy (flexibility to work from home), or development (tuition benefits), making these part of your total rewards can enhance the value of your compensation.

IMPLICATIONS FOR MANAGERS

The following seven take-aways may prove especially useful. First, you can immediately increase your management effectiveness by ensuring that you set clear expectations and provide regular and effective feedback for those you manage. Second, make explicit and clear links between what you reward and the behaviors and/or outcomes rewards are intended to signal. Third, practice the recommendations in Table 6.2 to boost goal commitment. This, along with ensuring your people set SMART goals, will help set them up to win. Fourth, guard against common perceptual errors when evaluating performance. Be sure you effectively measure the appropriate elements of performance (both quantitative and qualitative) for a particular job and individual. Fifth, provide more feedback! Apply what you learned here to make it more effective (see Table 6.6), and try to focus on development more than evaluation. Feedback is a skill. Practice it and you'll get better. Sixth, be certain your rewards are delivering the intended outcomes. Clearly linking them to expectations helps. Finally, if teamwork is important and truly valued, then be certain your PM practices send such signals.

PROBLEM-SOLVING APPLICATION CASE

Why Are Some Companies Yanking Forced Ranking?

Money is an important tool for both attracting and motivating talent. If you owned a company or were its CEO, you would likely agree and choose performance management practices to deliver such outcomes. You would probably also favor rewarding high performers and having an effective means for removing low performers. For decades, forced-ranking appraisal practices have helped organizations and their managers differentiate employee performance and achieve both objectives—rewarding top performers and providing grounds for terminating the low performers.

BROAD APPEAL

These qualities made forced ranking (also known as forced distribution or "rank and yank") a popular performance management tool for many marquee companies, such as Ford Motor Company, 3M, and Intel. GE, for instance, made the approach famous using its "vitality curve" to rate employees into three categories—top 20 percent, middle 70 percent, and bottom 10 percent. The top often received raises two to three times greater than the next group, while the bottom group was often put on probation or fired.[102] Microsoft also used forced distribution to ensure it was always raising the bar on talent and performance. It replaced its lowest-performing employees with the best in the market and ensured there was always more exciting work than it had people to do it.[103]

One argument in support of forced ranking is increased accountability. It requires managers to do the difficult work of differentiating performance. While nobody likes to be the bearer of bad news, not confronting performance issues is an underlying cause of score inflation (grade inflation in school) and mediocrity. The implication is that not everybody can be a top performer, and it is management's job to know and acknowledge the differences. Forced ranking also can be used to remove "dead wood." Employees who aren't as driven, capable, or competitive are driven out and replaced with those who are.[104]

Another central supportive argument is that resources are constrained, notably people and money. Culling the workforce based on performance is a way to be sure your best employees are able to work on the company's most important and valuable projects, products, and services. And it allows companies not only to allocate more to their best employees, but also to create clear and often substantial differences between different levels of performance and associated rewards.

THIS ALL MAKES SENSE, BUT WHY ARE MANY COMPANY'S YANKING THE PRACTICE?

Performance management practices have compounded the challenges faced by Yahoo and Amazon. According to a spokesperson at Yahoo, the company's program—quarterly performance review (QPR) recommended by McKinsey Consulting—is intended to "allow for high performers to engage in increasingly larger opportunities at our company, as well as for low performers to be transitioned out."[105] However, problems arose when managers and employees accused the company of using it to fire employees "for performance" instead of laying them off. The scale of this issue is substantial, given that nearly one-third of the company's workforce left or was terminated in 2015–2016, though the law requires at least 30 days' notice for mass layoffs.[106] Similar practices also were linked to discriminatory dismissals at Ford, Goodyear, and Capital One and caused them to change their practices.[107]

Amazon has embraced forced ranking to foster internal competition and drive employees to always improve. Its organizational-level review (OLR) process requires managers to select which employees to support and which to "sacrifice" (not all employees can pass). Even after an incredibly rigorous hiring process intended to select the best of the best, employees are distributed into high, average, and low performers—20, 60, and 20 percent, respectively. This means 80 percent of the company's employees have stopped being stars by the time of their first performance review. The process is challenging for managers too, who must continually select talented subordinates to fire at every performance review.[108]

RANK AND YANK AT ADOBE

Another company that championed forced ranking was Adobe. It had a rigorous, complex, technology-driven process for ranking its employees each year. Performance expectations were set and performance was measured, documented, reviewed, and rewarded. The goals were to help the company improve employee performance and ensure it had the best talent. However, what the company actually achieved was quite different.

Adobe calculated that its process of reviewing its 13,000 employees required approximately 80,000 hours from its 2,000 managers each January and February. This massive time commitment actually reduced employee performance, because this time wasn't being spent on productive work like developing products or cultivating and serving customers. And while the system was meant to ensure manager accountability, it actually allowed many to avoid confronting low performers until the annual review. This meant low performers were terminated only once a year.

Donna Morris, Adobe's global senior vice president of people and places, described the PM flaws this way: "Especially troublesome was that the company's 'rank and yank' system, which forced managers to identify and fire their least productive team members, caused so much infighting and resentment that, each year, it was making some of the software maker's best people flee to competitors."[109] Moreover, the performance management practices did not align with the goals of employee growth and team work, both fundamental to Adobe's success. It instead focused on past performance and compared employees to each other.

The shortcomings of the process were underscored by internal "employee surveys that revealed employees felt less inspired and motivated afterwards—and turnover increased."[110] This last point compounded problems by causing the wrong employees—the high-performing ones—to quit.

Assume you are Donna Morris, Adobe's global senior vice president of people and places. How does the information in the case inform your recommendations about PM practices at Adobe?

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Use the Organizing Framework in Figure 6.6 and the 3-Step Problem-Solving Approach to help identify inputs, processes, and outcomes relative to this case.

Step 1: Define the problem.

A. Look first to the Outcome box of the Organizing Framework to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. In this case you're asked to assume the role of Donna Morris, senior VP of people and places.

C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework for Chapter 6 and is shown in Figure 6.6. Causes will tend to show up in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework (Figure 6.6) and determine which person factors, if any, are most likely causes to the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, do particular skills, values, or personality profiles help explain the problem you defined in Step 1? This might lead to the conclusion that Adobe's PM practices suit particular employees well and others not.

B. Follow the same process for the situation factors. For each ask yourself, *Why is this a cause?* For example, the quality of relationships between managers and subordinates might have some effect on the problem you defined. Other HR practices, aside from performance management, might contribute to the problem. If you agree, which specific practices and why? By following the process of asking why multiple times you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for this chapter for guidance.

C. Now consider the Processes box in the Organizing Framework. Performance management processes are clearly part of the story, but are any other processes at the individual, group/team, or organizational level potential causes of your defined problem? For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, be sure to map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Remember to consider the OB in Action and Applying OB boxes, because these contain insights into what others have done. These insights might be especially useful for this case.

B. Be sure to consider the Organizing Framework—both person and situation factors, as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Fined Billions, but Still Admired and Handsomely Rewarded

Jamie Dimon is the CEO and chairman of JPMorgan Chase. He has held both roles since 2005—that is, before, during, and after the financial crisis. Few executives on Wall Street are as respected and recognized, or as well compensated. For instance, in 2013 his compensation was approximately $11.5 million, in 2014 it was $20 million, and in 2015 $27 million.[111]

In one sense, this is typical of total executive compensation in the finance industry. Dimon's straight salary is often $1.5 million and the rest (more than 90 percent) is tied to some measure of firm performance, such as stock price and profitability.

However, JPMorgan and others have come under considerable pressure for what the compensation package doesn't consider directly—ethics. During this same period JPMorgan has settled legal claims in excess of $25 *billion!* A few notable examples include $920 million for allowing traders to fraudulently overvalue investments and conceal losses;[112] $1 billion related to securities fraud and concealment of losses in the "London Whale" trading fiasco (JPMorgan lost $6.2 billion apart from the fines); $13 billion in settlement of risky mortgages; and another $2 billion for not identifying the Madoff Ponzi scheme and the losses it caused its own investors.[113]

To be fair, Dimon's $11.5 million year was intended to reflect his role related to the London Whale debacle, but this bonus reduction took place only due to pressure from Congress (Dimon earned $23 million the year before). Defenders of Dimon, and the JPMorgan board of directors who granted the pay, say he deserves such rewards for negotiating smaller fines and for producing industry-leading profitability. JPMorgan had record profits in 2015.

This scenario nevertheless raises an obvious question: Is JPMorgan's pay for performance really pay for profits without consideration of other activities that are costing it billions of dollars in penalties and fines? Dimon was CEO before, during, and since all of these billions in penalties were paid. He did not inherit the problems of a previous executive. And a corporate ethics monitoring group reported that since the financial crisis of 2008 "there appears to be no change in the frequency of the ethical issues facing the company, which suggests different types of intervention are needed."[114] The combination of these details lead some to argue that Dimon should be fired.

What Would You Do?

As you may know, the board of directors is ultimately responsible for the performance of the firm, its CEO, and all executive compensation. With this in mind, assume JPMorgan replaced its entire board. You are now the chair, and Jamie Dimon is only the CEO. What would you recommend?

1. Would you fire Dimon outright? Defend your choice.
2. Your answer to No. 1 aside, what recommendations do you have for the CEO's compensation from here on? Explain.
3. Details of the case aside, describe how you could be sure pay for performance for the CEO also includes performance related to ethical conduct.

7 POSITIVE ORGANIZATIONAL BEHAVIOR

How Can I Flourish at School, Work, and Home?

Major Topics I'll Learn and Questions I Should Be Able to Answer

7.1 The Value of Positive Organizational Behavior
MAJOR QUESTION: ***How does understanding positive organizational behavior benefit me?***

7.2 The Power of Positive Emotions
MAJOR QUESTION: ***How can positive emotions make me more effective at school, at work, and in other arenas of life?***

7.3 Fostering Mindfulness
MAJOR QUESTION: ***How can mindfulness contribute to my effectiveness?***

7.4 Developing Psychological Capital and Signature Strengths
MAJOR QUESTION: ***How can my inner HERO and signature strengths benefit me at work and in my career?***

7.5 Creating a Climate that Fosters Positive Organizational Behavior
MAJOR QUESTION: ***How can managers create an organizational climate that fosters positive organizational behavior?***

7.6 Flourishing: The Destination of Positive Organizational Behavior
MAJOR QUESTION: ***What can I do to enhance my level of flourishing?***

Figure 7.1 summarizes what you will learn in this chapter. The focus is on *positive organizational behavior* and how positive inputs and processes influence a host of outcomes across levels of OB. The Organizing Framework for Understanding and Applying OB illustrates how person factors such as mindfulness, psychological capital, and signature strengths form the basis for positive functioning at work. A variety of situation factors also affect the positivity of an organization's processes. They include organizational culture, organizational climate, organizational values, virtuous leadership, and organizational practices. In turn the inputs and processes shown in the Organizing Framework influence a host of outcomes at the individual, group/team, and organizational level. Most importantly, you will learn about a valuable new individual-level outcome labeled flourishing. Flourishing is a contemporary way of describing success or positive functioning at work.

FIGURE 7.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Emotions
- Mindfulness
- Psychological capital
- Signature strengths

Situation Factors
- Organizational culture
- Organizational climate
- Organizational values
- Virtuous leadership
- Organizational practices

PROCESSES

Individual Level
- Communication
- Decision making discretion
- Interpersonal conflict

Group/Team Level
- Communication
- Civility
- Group Dynamics

Organizational Level
- Communication

OUTCOMES

Individual Level
- Task performance
- Work attitudes
- Flourishing
- Physical health
- Citizenship behavior/ counterproductive behavior
- Turnover
- Creativity

Group/Team Level
- Group/team performance
- Group/team cohesion and conflict

Organizational Level
- Accounting/financial performance
- Organizational performance
- Customer satisfaction

Flourishing is at the core of positive organizational behavior. We flourish when our lives contain positive emotions, engagement in our work, positive relationships with others, meaningfulness, and a sense of achievement. It appears that these employees from NASA's Jet Propulsion Laboratory in Pasadena, California are experiencing some of flourishing's components. Here they can be seen having fun waving to NASA's Cassini spacecraft when it turned its imaging cameras to earth. The Cassini, which is an unmanned spacecraft, was on its journey to the planet Saturn.
SOURCE: NASA/JPL-Caltech

Winning at Work

What You Think About Is What You Get

Because behavior is a product of our emotions, thoughts, beliefs, and experiences, it makes sense that managing these internal responses can improve our performance. Try these suggestions:

- **Set intentions. *Intentions* are the end point or goal you want to achieve. They drive your behavior.**[1] If you want to accomplish a specific result on a given day, start your day with a positive intention to do so. For example, one of your authors has a daily intention to meditate and exercise. Set your intentions around tasks and people that matter to you.
- **Express gratitude to someone.** We are healthier both physically and mentally when we express gratitude. People receiving gratitude also report these same positive outcomes.[2] Your expression of thanks might be a small gesture, like thanking someone for holding a door open while you pass. It can also be bigger such as starting a college scholarship to help others in financial need. There are several ways you can increase expressions of gratitude. You can keep a gratitude journal at your bedside and write down one or two things that went well each day. You can write a thank-you note to someone. One of your authors thanked his mentor for all he did for him 35 years ago. He loved receiving the message! Look for positive actions by others and then acknowledge them.
- **Do something helpful or positive for other people.** You do not have to give a tangible gift, but instead offer someone a kind or positive gesture. It can be as simple as a smile, a compliment, or words of encouragement. Volumes of research show that helping others is one of the most fulfilling things you can do. The more you give, the more you'll get.[3]
- **Become more hopeful. "*Hope* is the belief that the future will be better than the present and that you have some power to make it happen."**[4] The following process was found to increase hopefulness for college students: Identify an important goal, identify different ways to achieve the goal, identify obstacles to each pathway and develop a plan for overcoming these roadblocks, and work the plan.[5] Taking these steps should give you a sense of hope and control.
- **Focus on the positive side of life.** Negative thoughts and worry are prime enemies of staying focused in the present moment. We often worry about things we can't control, including events in the past. Don't worry about the past (it's done—you can't go back) or what you can't control. Try to stay focused on what is happening in the present moment.

The brain and our thoughts powerfully impact our emotions and behavior. OB researchers are increasingly studying the neuroscience underlying our behavior. © Science Photo Library/Alamy RF

- **Be aware of negative thoughts and beliefs.** The brain has a built-in negativity bias. This allows negative events to have more impact on us than positive ones, and we often think bad information about someone is more important than positive information.[6] If you find yourself focusing on negativity, try to reframe your thoughts in a positive direction. For example, rather than worrying about your level of performance on an exam, tell yourself that you are prepared and will do just fine.

What's Ahead in This Chapter

We're concluding Part One and our discussion of the individual level by introducing you to one of the most exciting and fastest-growing areas of OB, *positive organizational behavior (POB)*. Research suggests that you can enhance your life and job satisfaction by following some of the ideas presented in this chapter. We explore the value of positive organizational behavior and then expand on several elements that help you foster your own personal positivity. Positive emotions are one such element (an individual-level process), as are mindfulness (a person input), positive psychological capital (a person input), and organizational climate (a situation factor). Combined, these elements create a positive workplace environment and enable people, teams, and organizations to flourish. Flourishing is the ultimate individual-level outcome of POB and consists of positive emotions, engagement, constructive relationships, meaningfulness, and achievement.

7.1 THE VALUE OF POSITIVE ORGANIZATIONAL BEHAVIOR

MAJOR QUESTION

How does understanding positive organizational behavior benefit me?

THE BIGGER PICTURE

You can benefit at school and at work by understanding positive organizational behavior (positive OB or POB), a purposefully positive approach to managing the behavior of individuals, groups, and organizations. You'll see some of these potential benefits when you explore three ways in which positive OB affects a broader set of outcomes. You'll then see the benefits of positive OB illustrated in detail.

Two Scenarios—Which Do You Prefer?

Let's set the stage by establishing two scenarios set out in an early presentation of positive organizational behavior.

First Scenario The first scenario begins, "Imagine a world in which almost all organizations are typified by greed, selfishness, manipulation, secrecy, and a single-minded focus on winning."[7] Wealth is the ultimate measure of success. Feelings of distrust, anxiety, self-absorption, fear, burnout, and abuse are common. Members often experience conflict, treat each other disrespectfully, and break agreements with each other. Employees in this context focus on problem solving, managing uncertainty, overcoming resistance, achieving profitability, and figuring out how to beat the competition.

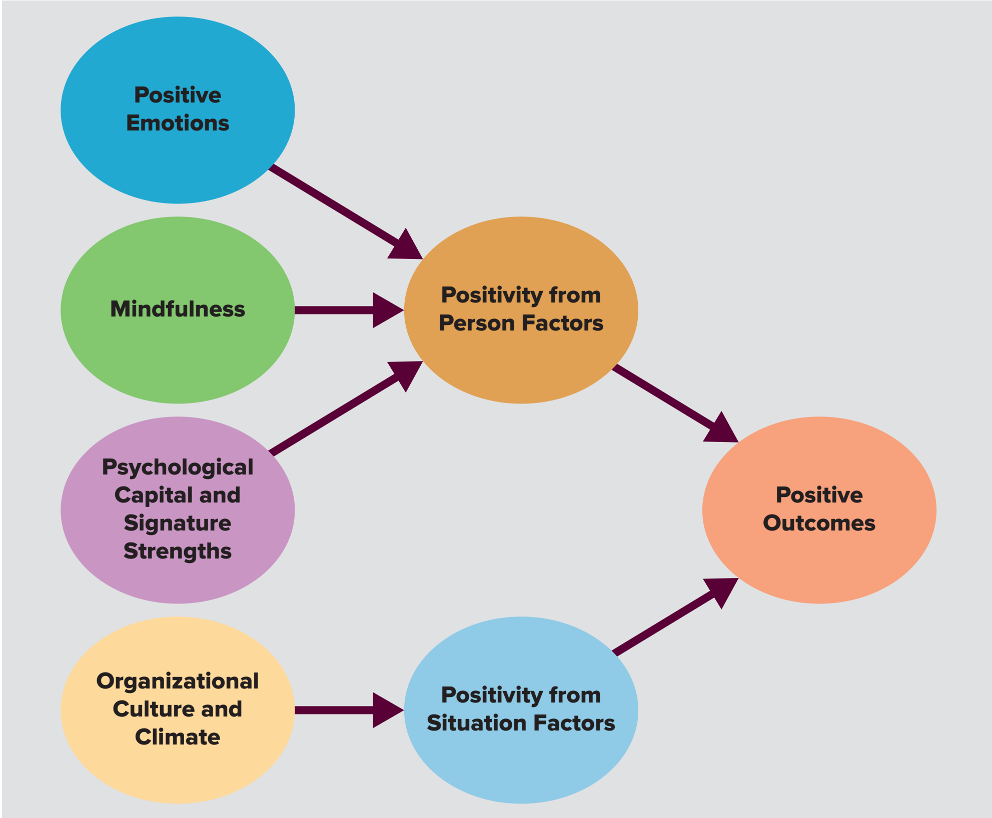
Second Scenario Now imagine a world in which appreciation, collaboration, virtuousness, vitality, and meaningfulness are the rule. Well-being and thriving are the markers for success among individuals, groups, and organizations alike. Trustworthiness, resilience, wisdom, humility, and positive energy are common features. Relationships and interactions are described as compassionate, loyal, honest, respectful, and forgiving. Employees emphasize excellence, positive deviance, extraordinary performance, and positive spirals of flourishing.

A Matter of Emphasis Rather than Rejection of Business Realities Many professionals who first encounter positive organizational behavior assume it simply rejects the hard business realities in the first scenario: the need to solve problems, manage uncertainty, overcome resistance, achieve profitability, and compete successfully. But something else is happening.

Positive organizational behavior "does not reject the value and significance of the phenomena in the first worldview. Rather, it emphasizes the phenomena represented in the second."[8] A more recent review of positive organizational behavior described it like this:

> ***Positive OB*** **focuses on positive human characteristics that can be measured, developed, and effectively managed for performance improvement.**[9]

FIGURE 7.2 A FRAMEWORK OF POSITIVE OB



Most real-world practice, research, and even teaching have until recently focused largely on the first view described above. We choose instead to complement this traditional view with a more contemporary and clearly more positive and constructive approach in this chapter. We will show you how identifying and applying the many positive attributes of individuals, groups, and organizations is yet another and especially powerful way of increasing your effectiveness professionally and personally.

A Framework of Positivity

We created Figure 7.2 to help you organize, understand, and apply your knowledge of positive organizational behavior. As you recall from the Organizing Framework of OB, person and situation factor inputs influence processes and outcomes across levels. Similarly, in Figure 7.2, positive emotions, mindfulness, psychological capital, and signature strengths are the inputs that help create positivity from person factors, and organizational climate is an input that helps create positivity from situation factors. Positivity from these two sources contribute to positive outcomes across levels of OB. Let's consider how this process unfolds.

Positive outcomes arise because of three processes: the amplifying effect, the buffering effect, and the positivity effect. Let's discuss each in some detail.

Amplifying Effect **In the *amplifying effect,* positive practices from one individual result in additional positive practices by others, which spur positivity in others, which generate other positive outcomes.** The amplifying effect is often conveyed via positive emotions and social capital (your relationships and network). The idea is that positivity fuels more positivity, such that both the receiver and witnesses of kind acts are likely to perform kind acts of their own. This results in reinforcing cycles or *upward spirals of positivity.* Such behaviors can then transform organizations into more compassionate and harmonious places.[10]

Helping others, especially when you expect nothing in return, has been shown both to make you feel better and motivate those people to help others. © Fuse/Getty Images RF

This perspective on positive emotions is the *broaden-and-build theory,* which proposes that positive emotions broaden our attention and make us more open to experience, creating an upward spiral of further positive emotions and even actions. For instance, recent research shows that employees who supported and trusted their coworkers received support and trust in return. This may not surprise you; we all hope to reap what we sow. However, the positive spiral is notable. Support and trust resulted in even more support and trust in return.[11] One implication for you is that if you want something, then give something. If you want more, give more. Do your own experiment and find out.

Fredrickson's description underscores the fact that people are more likely to exhibit *prosocial* behaviors when positive OB is taking place in their work environments. ***Prosocial behaviors*** **are positive acts performed without the expectation of anything in return.**[12]

Buffering Effect To buffer means to reduce or counteract the effects of a negative force. **In the *buffering effect,* positive practices and resources reduce the impact of negative events and stressors.** When we are confronted with stressors or otherwise undesirable experiences, we utilize various social and personal resources to buffer them.[13] At work, we use social support from helpful coworkers to cope, and/or we may use personal resources such as *psychological capital*. As you will learn later in this chapter, psychological capital is a set of personal characteristics that help us persevere and flourish when confronted with adversity or challenging obstacles.

Positivity Effect **The *positivity effect* "is the attraction of all living systems toward positive energy and away from negative energy, or toward that which is life giving and away from that which is life depleting."**[14] Organizations that use positive practices are more likely to create an atmosphere of positive energy, which in turn fuels increased performance.[15]

The Benefits of Positive OB Extend Beyond Good Performance

Positive OB is more than simply seeing the good side of people, sharing examples of good performance, or treating employees well. Positive OB focuses on creating *exceptionally positive* inputs, processes, and outcomes at all levels in the Organizing Framework. Exceptionally positive means above and beyond expectations, more than simply making the grade. This level of achievement is often referred to as *positive deviance*. Gretchen Spreitzer and Kim Cameron from the University of Michigan describe ***positive deviance*** **as "successful performance that dramatically exceeds the norm in a positive direction."**[16] We suspect you would like to be accused of being positively deviant!

TABLE 7.1 POSITIVE OB PRACTICES THAT FOSTER EMPLOYEE POSITIVITY

Organizational Practice	Description and Benefit
Provide decision-making discretion	Allowing employees to make decisions gives them a sense of control and greater opportunities for learning.
Share information	Information helps employees see the impact of their work and how it fits into the big picture, like the vision and goals of the organization.
Minimize incivility	Poor treatment, such as bullying and rude behavior, has dramatic negative effects on outcomes in the Organizing Framework and often leads to incivil behavior by the victims. Organizations need to select employees based on civility and take swift and appropriate action when incivility occurs.
Provide feedback	Feedback can be both motivational and instructional.

SOURCE: Adapted from G. Spreitzer and C. Porath, "Creating Sustainable Performance," *Harvard Business Review,* January–February 2012.

Positively Deviant Employees Aren't Just Happy and Satisfied—They Are Much, Much More Job satisfaction is an important outcome in the Organizing Framework. You also learned, however, that job satisfaction is not the strongest or best predictor of job performance. Positive OB provides you with additional useful insights beyond job satisfaction and other attitudes that predict performance. For instance, a study published in the *Harvard Business Review* showed employees who *flourish* (a key positive outcome of positive OB shown in Figure 7.2 and discussed later) reported:

- 16 percent higher overall performance.
- 125 percent less burnout.
- 32 percent more commitment to their employers.
- 46 percent more job satisfaction.
- Fewer sick days.[17]

These outcomes are compelling. What can organizations do to enjoy them? Some answers are found in Table 7.1.

Doing Well and Doing Good Positive businesses *do well and they do good*. They *do well* by being profitable and performing at a high level, but they also *do good* by making the well-being of their employees and other stakeholders (suppliers, customers, and communities) a priority.

Good to Employees = Good to Shareholders Positive organizations empower, support, and develop employees not only because leaders believe doing so is valuable in and of itself, but also because it helps meet shareholder expectations. Kip Tindell, founder of the Container Store, evokes this belief in his philosophy about the value of employees:

> One great employee is equal to three good. If you really believe that, a lot of things happen. We try to pay 50 to 100 percent above industry average. That's good for the employee, that's good for the customer, but it's good for the company too, because you get three times the productivity at only two times the labor cost.[18]

Doing good can indeed enhance well-being, even when there is no monetary reward. And it can happen at all levels in the Organizing Framework.

- ***Individual Level*** Credit Acceptance, 37th on *Fortune's* Best Places to Work list, has an officer of security and first impressions who greets employees and job candidates at the door everyday. He says his job is "putting smiles on team members' faces."[19]
- ***Team/Unit Level*** Whole Foods Market (see also the Problem-Solving Application in this section) truly empowers team members to run each store as they see fit. Store-level employees decide whom to hire and whether to retain them after a probationary period. They also are responsible for developing team members, scheduling work, choosing suppliers, setting compensation, stocking, staffing, and evaluating performance. Given the level of empowerment and transparency (team members know the performance ratings and compensation of all team members), Whole Foods employees are both personally and collectively accountable for the performance of their respective stores.[20]
- ***Organizational Level*** Southwest Airlines has always and explicitly ranked employees as its most important stakeholder. The expectation is that happy employees will delight customers, they in turn will be loyal customers, and together they will generate superior returns to shareholders.[21]

Applying OB

Do the KIND Thing

KIND is not just the name of the company; it's the culture and leadership philosophy. Rather than pressuring employees to perform, Daniel Lubetzky, founder and CEO of the snack food company, achieves extraordinary performance via kindness. Since the company's beginning in 2004, Lubetzky has grown sales to 450,000 units with distribution in 150,000 retail outlets.[22] KIND is now one of the fastest-growing US companies in its industry. The competition is taking notice not only because of its sales and growth, but also because of its approach to business.

Central to Lubetzky's approach is *and,* not *or,* thinking. He is determined to make a profit *and* make an impact on customers and employees. He believes he can "build his company *and* build the community. Achieve mass distribution *and* make his products healthy. Deliver outstanding performance *and* create a fun, nurturing corporate culture."[23]

Daniel Lubetzky, founder and CEO of KIND, provides an example of how doing good and doing well are *mutually reinforcing* rather than *mutually exclusive.* © Stephen Lovekin/Getty Images

He also provides the following advice for those interested in leading with kindness:

1. *Give productive not personal feedback.* A kind business is one in which people are valued and feel valued. Candid but developmental feedback is essential. "Setting a precedent of open and honest communication helps minimize backroom gossip and, in turn, lays the groundwork for a culture of trust, loyalty, and professional development."[24]
2. *Fire the firing mind-set.* "At KIND we've challenged the team to approach departures from a more empathetic place . . . other than in cases of serious or deliberate misconduct, nobody is summarily terminated."[25] The company instead engages in coaching to boost skills or moves the person to another, better-fitting position within the firm.
3. *Use empathy.* Being open to another's perspective, and letting people know you are genuinely considering things from their view, is a powerful and often overlooked business skill. Showing such regard for others often leads them to more thoroughly consider your own perspective. The company's KINDOs program is a way employees send "kudos" to each other for work well done, acts of kindness, or other notable behaviors. The recognized employees are then celebrated each month.
4. *Let everybody play a role.* From the newest to the most senior, employees "have entered an implicit pact to think of our shared enterprise ahead of ourselves" that "requires doing whatever it takes to get the job done . . . there's no task too small or insignificant for me—or any of us—to do."[26]

Lubetzky also said, "I'm on my fourth business now—it has become clearer that empathy and kindness offer a distinct competitive advantage."[27] Leaders and organizations need to beware of and not buy into false compromises. You can do well by doing good!

Give in Order to Get Giving financially doesn't necessarily detract from outcomes. Researchers studied the links between the amount of discounted care and the quality of all care provided by a number of hospitals in Southern California. Discounted care is given to those who cannot pay or can pay only a reduced rate; sometimes it amounts to a financial loss for the hospital. The researchers found that hospitals providing more discounted care also reported lower incidences of pneumonia and heart failure in patients, as well as better surgical outcomes and fewer readmissions.[28] This seems to suggest that altruism and high performance are not mutually exclusive.

However, balancing the needs of multiple stakeholders—employees, customers, communities, investors—is a major challenge. Despite what particular leaders may say, most give clear priority to one, often at the expense of the others. But some truly attempt to satisfy all stakeholders. For instance, Whole Foods founder and co-CEO John Mackey has been quite successful at meeting financial goals while also serving other aims. He said the following when asked about how to deal with business challenges such as pressure to meet earnings targets:

> The first step for such a company is to clearly define its higher purpose beyond maximizing profits. It should then start to design everything it does around creating value for its stakeholders. It should get rid of all metrics that are not connected to value creation for stakeholders. It should then create new metrics that are leading indicators of future performance, measures such as employee passion and customer advocacy.[29]

The following Problem-Solving Application describes Whole Foods' self-reinforcing practices and exemplify the way profitably and doing good can coexist.

Problem-Solving Application

Whole Foods Market: More than Profits and More than Organics

It is difficult to overestimate Whole Foods Market's impact on the marketing of organic food in the United States. Besides being a perennial favorite on *Fortune*'s 100 Best Companies to Work For list,[30] the company sets the standard for organic foods: no synthetic chemicals, no toxic or persistent pesticides or herbicides, no sewer sludge or synthetic fertilizers, no genetically modified organisms (GMOs), no antibiotics, no synthetic growth hormones, and no irradiation.[31]

Yet, despite his firm's success, CEO John Mackey feels that "organic has grown stale. Its guidelines prohibit the use of synthetic fertilizers and pesticides, which is a good thing . . . But they don't address all the burgeoning issues—from excessive water usage to the treatment of migrant laborers—facing agriculture today. And once farmers are certified as organic, Mackey believes they have little incentive to improve their practices. 'Organic is a great system, but it's not a complete solution,' he said."[32] Current practices do not appropriately consider and influence energy conservation, waste reduction, and farm worker welfare.

John Mackey, CEO of Whole Foods, is a longtime champion of sustainability. His practices and those of his company epitomize a broad stakeholder approach by focusing on people, planet, and profits. In fact, the company's motto is "Whole foods, whole people, whole planet." © Dustin Finkelstein/SXSW/Getty Images

Accordingly, Whole Foods launched a new and expanded initiative–Responsibly Grown—to address these stated shortcomings. Suppliers that meet the Responsibly Grown criteria qualify to sell their products to Whole Foods. Before this program, only suppliers that were certified organic qualified. This has caused great unrest among many existing suppliers. Organic farmers and food producers across the land have built their entire businesses around Whole Foods standards for organic. If they complied with those standards, then this gave them an edge on other nonorganic farmers. Now, however, they feel that the Responsibly Grown program allows many nonorganic farmers to qualify as suppliers via a different set of standards. Conventional (nonorganic) farmers can now become certified suppliers because they implement recycling programs and/or use alternative energy but still do not meet the organic food standards. Existing organic farmers are concerned about their own viability in light of the new program and new competitors it allows. They feel it diminishes their hard-won distinctiveness and competitive advantage, not to mention their average investment of up to $20,000 to meet the Responsibly Grown standards.[33]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem as explained by Mackey.

Step 2: Identify the causes of the problem. Which inputs and processes from the Organizing Framework are evident?

Step 3: Make recommendations to Mackey and Whole Foods regarding the company's Responsibly Grown program and its suppliers.

7.2 THE POWER OF POSITIVE EMOTIONS

MAJOR QUESTION

How can positive emotions make me more effective at school, at work, and in other arenas of life?

THE BIGGER PICTURE

OB recognizes emotions as an important and ever-present individual-level process. In the section ahead you can see whether your positive emotional experience matches our list of the 10 most common positive emotions. Then you'll see how positivity is more than happiness and painting a smile on your face. You'll also find tips on how to foster your own positive emotions and how to apply them at school, work, and home.

Referring to Figure 7.2, note that positive emotions help drive positivity from person factors. Recall that in Chapter 3 we introduced emotions as relatively brief psychological and physiological reactions that have a particular target, such as a person (an unethical and bullying boss), a situation (a night out with your closest friends), or an event (scoring well on an exam). Our discussion then focused on negative emotions and how to manage their expression. We now turn to positive emotions.

Like their negative cousins, positive emotions are relatively flexible individual differences and are important processes in the Organizing Framework. And while you may think of emotions simply in terms of positive or negative, there is much more to the story.

Beyond Happy vs. Sad

Positive and negative emotions are not polar opposites. The world of emotions is not simply happy versus sad. Negative emotions spur you to act in quite narrow or specific ways. Fear may motivate you to flee, and anger may motivate you to fight. Positive emotions, in contrast, tend to broaden your mind-set and open you to consider new, different, and possibly better alternatives when trying to solve a problem.

Positive Emotions as Resources If you think of emotions in this way, you can see that negative emotions are limiting and positive emotions are resources that fuel individual, group, and organizational flourishing. (*Flourishing* is discussed in detail in the last section of this chapter.) Barbara Fredrickson explains positive emotions this way:

> To get a feel for the ways positive emotions can build life resources, envision for a moment something that made you feel joyful, playful, or intensely alive—when you wanted to smile, cheer, or jump up and dance around. Maybe it was . . . sharing a meal with lots of laughter with a friend you haven't seen in ages . . . maybe it was dancing with the group of friends as your favorite band played. Whatever comes to mind for you, take a moment to relive the experience in your mind, letting joy rekindle. Consider how you felt and what you felt like doing. What we've learned about joyful experiences like these is that the playful urges they carry build resources, and in times of trouble, these gains in resources can help you in important ways—strengthen relationships, boost performance at school and work, and improve your health.[34]

The bottom line is that positive emotions help you build resources in the form of:

- Social relationships that are supportive, fulfilling, and lasting.
- Psychological well-being that leads to personal growth, meaningful goals, and self-acceptance.[35]
- Physical well-being in the form of lower stress and a healthy heart.

These resources support your efforts and effectiveness in all arenas of your life—school, work, and family.

Benefits of Positive Emotions Positive emotions are processes that influence many of the outcomes in the Organizing Framework. They have desirable effects on:

- Organizational commitment
- Creativity
- Decision making
- Intentions to quit
- Performance[36]
- Stress[37]

Table 7.2 lists the 10 most common positive emotions from the most to the least frequently experienced. Love is a special case, however. Despite being at the bottom of the list, it is actually the most frequently experienced positive emotion. After reading about each of the other positive emotions, you'll understand why it was inserted last in the table.

TAKE-AWAY APPLICATION

Creating More Positive Emotions in My Life

Complete the following to apply your new knowledge regarding positive emotions.

1. Choose three emotions, other than love, from Table 7.2.
2. Think of a time when you experienced each. What were the circumstances?
3. What were the benefits to you?
4. Did anybody else benefit? If so, how?
5. Think of ways you can create and experience each of these same three emotions at school, work, or home.

Positive Emotions Are Contagious

It has been shown time and again that if you help somebody in a meaningful or even a small way, that person is more likely to help others. As Barbara Fredrickson says, "Beyond the dance of positivity between you and the person you helped, those who witness your good deed may well feel inspired, their hearts uplifted and elevated."[38]

This means that not only do you reap the benefits of helping somebody else, but that person also benefits, and so does the person he or she helps, and so on. This self-reinforcing and perpetuating aspect of positive emotions, and positivity more generally, is what leads to ***upward spirals of positivity,*** **in which your positive behaviors, feelings, and attitudes generate the same in others in a continually reinforcing process.**

Positivity spirals also work in the other direction. In diverse customer service jobs—such as financial consulting, medical care, retail banking, hair care, and grocery stores—customers who showed delight with the service generated positive emotions in the

TABLE 7.2 DESCRIPTION OF THE 10 MOST FREQUENT POSITIVE EMOTIONS

Positive Emotion	Description
Joy	Visualize this: Your surroundings are safe and familiar. Things are going your way, even better than you expected. Choice requires little effort on your part. Colors are more vivid. There's a spring in your step. And your face lights up with a smile and an inner glow.
Gratitude	Imagine you've realized that someone has gone out of his or her way to do something different. Your mentor gently steers your career in the right direction. Your physician meets you at the office on the weekend. Gratitude opens your heart and generates an urge for you to give back, to do something good in return, either for the person who helped you or for someone else.
Serenity	Like joy, serenity includes safe and familiar surroundings and requires little effort on your part. But unlike joy, serenity is low key. It comes when you go on a long, leisurely ride or walk, engage in fulfilling conversation, or get wrapped up in a good book while relaxing on vacation.
Interest	Something novel or different draws your attention, filling you with a sense of possibility or mystery. Unlike the case for joy and serenity, the circumstances call for effort on your part. You're pulled to immerse yourself in what you're discovering.
Hope	Hope is different from most other positive emotions, which you experience when you're safe and/or satisfied. You are hopeful when something isn't going your way, but you believe that it can.
Pride	You know pride's evil cousins—shame and guilt—and the painful feelings that overcome you when you are to blame for something. Pride is the opposite; you're responsible for something good, something for which you can take credit or that made a positive difference to someone else. (However, unchecked pride is hubris.)
Amusement	Sometimes something unexpected happens that simply makes you laugh. Amusement is social; it most often happens in the company of and as a result of others. Heartfelt laughter often accompanies amusement.
Inspiration	When you're inspired you are moved to do something extraordinary, something you might otherwise feel is beyond your abilities. This same feeling often rivets your attention, warms your heart, and draws you in. Inspiration doesn't simply feel good; it makes you want to act, to improve, or even to be the best you can be.
Awe	Closely related to inspiration, awe happens on a grand scale. You feel overwhelmed, small, and humble. Awe makes you stop in your tracks. Sometimes people are awed by nature, such as the Grand Canyon or Niagara Falls.
Love	Love is not a single positive emotion but incorporates many of the others. When these good feelings stir our hearts within a safe, often close relationship, we call it love. Early stages of such relationships involve intense interest in everything and anything the person says. You share amusements and laughter together. As your relationship builds great joy, you begin to share your hopes and dreams for the future together. When the relationship becomes more solid, you experience serenity and can be proud of your partner's achievements, as if they are your own.

SOURCE: Adapted from B. L. Fredrickson, *Positivity* (New York: Three Rivers Press, 2009).

provider and a subsequent increase in that person's organizational commitment and job satisfaction. We're often pleased when we help somebody and they show they appreciate it. However, better still, the benefits extend to future customers via improved service behaviors.[39] This illustrates the lasting or enduring effects of positivity.

This contagion occurs in teams too. Positive emotions spread to create team-level emotions that help members new and old feel safe, welcome, and truly part of the team. These benefits lead to improved team performance.[40]

We often think of service encounters from the customer's perspective. However, research shows that positive customers help generate positive feelings and behaviors in employees. Better still these positive effects can "spiral" beyond a particular encounter to positively affect the employee's other behaviors. © Peathegee Inc/Blend Images LLC RF

How Much Positivity Is Enough?

Don't overlook the valuable role of negative emotions—life is not all sunshine and roses. Negative emotions can motivate you to try harder and improve, and they can also protect you against harmful situations and communicate to others your need for help or support.[41] And forcing yourself to feel or act as if everything is great all the time is absurd and would certainly undermine your effectiveness, health, and overall well-being. Even the most positive person feels the intense emotional pain associated with experiences of loss and betrayal. Positive people get angry when they or others are treated unfairly. So how much positivity is enough?

Multiple Positives for Every Negative Thankfully, research gives us some guidance. While some researchers have argued for specific optimal ratios of positive to negative and others have disputed specific numbers, they all agree that positive and negative experiences are not equivalent. You can't simply remedy a negative experience with a positive one.

Instead, to flourish and experience the benefits of positive OB discussed in this chapter, you must have three, five, or more positive experiences for every negative.[42] You don't need to focus on which positive emotions you feel at a particular time. Just be sure you have multiple positives for every negative one.

Why? Because, as has been well-established, our brains respond differently to positive and negative experiences.

- **Negative experiences** activate a survival orientation, which leads us to be more responsive to negative information. Our brains actually look harder for negative than for positive information and stimuli during daily activities.[43] This probably helps explain why managers tend to give more negative than positive feedback to employees.
- **Positive experiences** activate a supportive orientation, which leads us to be more responsive to positive information. This is part of the reason managers, and people more generally, seem receptive to new ideas when they are in a good mood.

This discussion reveals why managers should focus on the good things employees are doing, and why all of us should focus on the positive qualities of coworkers, classmates, partners, friends, and spouses. Yes, you might be saying, but how?

Strategies to Increase Your Positivity The following activities can help you increase your positive experiences and decrease your negative ones.[44]

Create high-quality connections. Any social interaction, whether with family, coworkers, classmates, or the person ahead of you in line, is a chance to create a high-quality connection. Such connections are energizing and enhance your positivity. To transform ordinary interactions into high-quality connections, try the following tips:

1. **Make someone the only person in the room.** Engage the other person by being present, attentive, and affirming. Act as if he or she is the only person in the room.
2. **Support.** Do what you can to encourage the person and help him or her achieve a goal or attain success.
3. **Give trust.** Believe you can depend on this person to meet your expectations, and let it show.
4. **Goof off.** Play! Have no goals or intentions other than to goof off with others.

Cultivate kindness. Set a goal of performing five new acts of kindness in a single day. Aim for actions that really make a difference and come at no cost to you. Assess what those around you might need most and make a plan, but execute your plan so your acts of kindness all occur on the same day to further enhance the impact.

Develop distractions. One of the best ways to break from negativity is to distract yourself. Brainstorm and think of ways—old and new—to distract yourself from negative thoughts. Be sure to try to think of things you can do at school, at home, or at work. Make two lists: healthy distractions and unhealthy distractions. Healthy distractions can be going for a run, taking a bike ride, or playing your favorite sport. Unhealthy distractions might be drinking, eating junk food, watching TV, or playing video games. Be careful of these, and for each unhealthy one, challenge yourself to add another healthy distraction to your list. Negativity can creep in anywhere and at any time, so keep your lists of distractions handy and practical.

Playing video games is a fun and effective way to create high quality connections. These two seem to be enjoying the friendly competition and each other's company. Fun and positivity at home transfers to positive emotions and higher performance at work.
© James Woodson/Getty Images RF

Dispute negative self-talk and thoughts. Write on 3×5-inch cards your most frequent negative thoughts or emotions about yourself, a relationship, or a situation at school, work, or home. Then, in a private place where nobody can hear you, read the cards aloud one at a time. After reading each, immediately dispute or counter it. Don't stop to think, but beat it down and disprove it with something positive about yourself, the situation, or the facts. Be sure to do this with enthusiasm, to build your conviction. Practice. Your goal is to learn to dispute negative thoughts as quickly as they enter your mind.

Platitudes = Fake = Bad Outcomes Remember that simply uttering positive words or forcing a smile isn't enough. Humans are excellent detectors of insincerity.[45] If your positivity is not heartfelt and genuine, you will not reap any of the benefits of improved performance, relationships, and health we've discussed. Insincere attempts at positivity may even do harm, because your lack of authenticity can erode others' trust in you and reduce your influence and credibility with them.

My Level of Positivity To make this discussion come to life for you, find out the relative frequency of your positive to negative emotions. This knowledge can help you understand many things about yourself, such as how likely you are to reap the benefits of positive emotions and positive OB. Remember that emotions are short-lived, and that any measure of your emotions captures your feelings about a specific event, person, or dimension of your life at only a particular point in time. We encourage you to take Self-Assessment 7.1 for the past day of your life, which is intended to capture your positivity more generally. Then, do it focusing on school as your target. If you're working, calculate your ratio of positive to negative emotions for work and compare it to your ratio for life more generally. This will give you knowledge of your positivity in various arenas of your life and help you better understand this important personal resource.

connect SELF-ASSESSMENT 7.1

Learn Your Positivity Ratio

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 7.1 in Connect.

1. What is your reaction to the results?
2. Considering the individual differences (IDs) we discussed in Chapter 3, which ones do you think are contributing to your ratio?
3. Do others see you as more or less positive than your ratio suggests? Why?
4. If you conduct this self-assessment for two different dimensions of your life (such as school and work), to what do you attribute the differences in the ratios?
5. Describe three things you can do to improve your positivity ratio for school.

SOURCE: *Positivity: Groundbreaking Research Reveals How to Embrace the Hidden Strength of Positive Emotions, Overcome Negativity, and Thrive,* by Barbara Fredrickson, Copyright © 2009 by Barbara Fredrickson, Ph.D. Used by permission of Crown Books, an imprint of the Crown Publishing Group, a division of Random House LLC. All rights reserved.

7.3 FOSTERING MINDFULNESS

MAJOR QUESTION

How can mindfulness contribute to my effectiveness?

THE BIGGER PICTURE

You may be more aware of mindfulness by its absence, that is, when you realize you've done something foolish or thoughtless. In this section you will find that you can improve your focus and attention through practice. You'll learn what inhibits mindfulness and two effective techniques you can use to increase it.

Figure 7.2 showed that mindfulness is another person factor that creates positivity in work environments. Although the concept of mindfulness has been studied for over 30 years, it is new to the field of organizational behavior.[46] Yet a recent survey by Fidelity Investments and the National Business Group on Health estimated that 22 percent of all US employers already offer some form of mindfulness training.[47] You will learn more about this later in the section.

Mindfulness can have a positive impact on many of the outcomes in the Organizing Framework. It can enhance your decision making and your ability to use the managerial skills associated with performance management, like giving feedback, coaching, and recognizing others. This section reviews the difference between mindfulness and mindlessness, the inhibitors of mindfulness, its benefits, and techniques you can use to practice it.

Mindlessness vs. Mindfulness

Mindlessness **"is a state of reduced attention. It is expressed in behavior that is rigid," or thoughtless.**[48] Life's dynamics put all of us into occasional states of mindlessness. Our brains simply can't keep up with all the stimuli we receive, according to noted psychiatrist Edward Hallowell. "Never in history has the human brain been asked to track so many data points," Hallowell says. He believes overloading of our brains is a primary cause of poor performance at school and work: "We're simply expecting more of our brains than they have the energy to handle."[49]

Mindlessness characterizes the tasks we do automatically, like driving to and from school or work. We get in the car, take off, and suddenly arrive at our destination wondering how we got there. Mindlessness can also be purposeful, as when we refuse to "acknowledge or attend to a thought, emotion, motive, or object of perception."[50] An example is failing to focus on a new person's name when being introduced, so we forget it 30 seconds later. Our lack of attention simply sends the name into our pile of forgotten information. Not surprisingly, mindlessness is associated with poor mental and physical health, less satisfying relationships, and lower task performance.[51] Mindfulness is completely different.

Mindfulness **is "the awareness that emerges through paying attention on purpose, in the present moment, and nonjudgmentally to the unfolding of experience moment by moment."**[52] We can be mindful of both our inner world, such as our feelings and thoughts, and our outer world, including the feelings, thoughts, and interactions of others. Mindfulness requires effort because our brains work in ways that inhibit staying focused. For example, we all have a "thinking mind" that likes to judge everything we see and hear. This creates a kind of mental chatter that detracts from the inner quiet we need to stay focused on and aware of what is going on around us. Further, it's simply easier to

Mind Full, or Mindful?

let the mind wander, on an automatic-pilot setting of unawareness, than to concentrate on the present moment. Unless we make an effort, we drift toward mindlessness.[53]

Mindfulness improves our interpersonal communications because it keeps us focused on others and what they are saying. Here is what Doug Parker, chair and CEO of American Airlines, had to say about a typical interaction with Herb Kelleher, former CEO of Southwest Airlines: "He is completely engaged and never looks over your shoulder to see who else is in the room. It's not out of principle; it's just who he is." Parker told a *Fortune* reporter that he had changed his own approach to communicating with employees based on observing Kelleher.[54]

Mindfulness requires attentional balance, or the ability to maintain sustained, nonemotional attention in a specific situation. Does wearing headphones at work or study help or hinder attentional balance? The OB in Action box below discusses some research conclusions.

OB in Action

Does the Use of Headphones Help Achieve Mindfulness?

More companies now allow employees to use earbuds and noise-canceling headphones at work. Some people listen to music, while others just want to reduce the general level of noise. Employees believe the practice helps block distractions like loud coworkers, ringing phones, and machine-related noises. Not all companies agree, however, and some have banned headphone use.

Lyrics Distract During Work and Study. Research with students provided little support for the value of listening to music while studying. A study of Taiwanese students revealed that concentration levels went down when participants studied while listening to music with lyrics. Adult reading-test scores also were lower when people listened to hip-hop music while reading.

Neuroscientists believe that "listening to music with lyrics while trying to read or write can distract employees by overtaxing verbal-processing regions of the brain." Dr. Robert Desimone, director of Brain Research at MIT, concluded, "The prefrontal cortex, the brain's control center, must work harder to force itself not to process any strong verbal stimuli, such as catchy lyrics, that compete with the work you're attempting."[55]

Individual Differences Exist. Research shows that people pay more attention to music they like and thus are more distracted by it. Familiar music without lyrics was found to serve as a sound-blocker. Some individuals benefit from noise-canceling headphones because they reduce perceptions of the high-frequency sound and general activity in an office environment.

At the same time, the use of earbuds and headphones can cause conflict and resentment at work. It becomes hard for colleagues to get each other's attention, for instance, and some believe the use of such equipment violates norms of office etiquette.

Do Headphones Help? We don't recommend headphones when you are reading or studying. Otherwise, it seems that individual differences and office norms should rule.[56]

YOUR THOUGHTS?

1. If you are going to listen to music while working, what artists or types of music are most suitable for you?
2. Assume you're on a team project with other students. Would it bother you if some of them wore headphones and listened to music while you are working together? Explain.
3. Assume you've been promoted to supervise a group of employees at work. Would it bother you if some workers in the group wore headphones and listened to music? Explain.

Let's consider the inhibitors of attentional balance.

Inhibitors of Mindfulness

The two key inhibitors of mindfulness are attentional deficit and attentional hyperactivity.[57] You'll need to understand these so you can avoid them.

Attentional Deficit

***Attentional deficit* is the inability to focus vividly on an object.** This deficit can easily occur in a classroom when students feel bored, listless, or uninterested. Multitasking on digital devices is another key contributor. For example, research suggests that electronic gadgets are in use in 10 percent of all pedestrian injuries. Other research shows that adults' use of smartphones may be the culprit behind a 10 percent increase in unintentional childhood injuries.[58] Kids seem to take risky actions like throwing objects or going down a slide headfirst when caregivers are not paying attention.

This sign in Stockholm, Sweden, illustrates the dangers of attentional deficits associated with texting and walking. It's easy to bump into people or trip over a curb when walking and texting. Has this ever happened to you? © Johan Jeppsson/Bloomberg/Getty Images

Attentional Hyperactivity ***Attentional hyperactivity*** **happens when our minds are racing or wandering, resulting in compulsive daydreaming or fantasizing.** This is also called *rumination.* ***Rumination*** **is "the uncontrollable repetitive dwelling on causes, meanings, and implications of negative feelings or events in the past."** Worry, which focuses on the future, such as what will happen if I lose my job, also contributes to rumination.[59]

We all do a lot of mind wandering. Best-selling author and psychology professor Daniel Gilbert estimates that our minds wander for about 50 percent of the workday. Mind wondering reduces performance, particularly for complex tasks.[60] Gilbert's research reveals that most mind wandering is centered on personal rather than business concerns.[61] When your mind wonders, don't be overly attentive to it and don't be mad at yourself for doing it. Just give soft recognition to the fact that your mind is wandering and return your focus to the present moment.

Benefits of Mindfulness

There are four broad benefits of mindfulness.

1. **Increased physical, mental, and interpersonal effectiveness.** Effectiveness increases because, when they are mindful, people are more aware of physical sensations, personal feelings, personal emotions, and the feelings and emotions of others. Mindfulness also promotes better sleep and helps reduce chronic pain.[62]
2. **More effective communications and decision making.** Mindfulness fosters more effective listening, greater use of empathy, and more attention to nonverbal cues during conversations.[63]
3. **More balanced emotions.** Paying attention to internal emotions and the emotions of others leads us to be more emotionally balanced and less reactive. This in turn helps reduce conflict with others.[64]
4. **Performance and satisfaction.** Mindfulness can increase productivity and job satisfaction.[65]

As illustrated in the OB in Action box, organizations have discovered the benefits of mindfulness for a variety of members, including Google employees, National Football League players, and grade school children.

OB in Action

Applications of Mindfulness

- Chade-Meng Tan heads Google's mindfulness training program. His goal is to "enlighten minds, open hearts, and create world peace." He believes that mindfulness "opens the doorway to loving kindness, which is at the heart of business success." Google has trained more than 2,000 employees in its Search Inside Yourself mindfulness course. Ninety-one percent of participants reported more clarity of mind.[66]
- General Mills employees, including 400 executives, have been practicing meditation and yoga for more than seven years. Results include the following: 80 percent of participants report better decision making, 89 percent believe they became better listeners, 83 percent took time to focus on personal productivity, and 82 percent eliminated nonessential tasks.[67]
- Aetna employees with high stress levels were spending $2,500 more per year for health care than others. Then 200 of them participated in a 12-week training course that included meditation and yoga, resulting in demonstrated reduced stress and medical costs. Six thousand employees have subsequently taken the free class.[68]
- Pete Carroll, head coach of the Seattle Seahawks, hired a sports psychologist to teach the players "tactical breathing, visualization, and mental-imaging techniques to cultivate full presence and conviction in the moment."[69] Carroll believes these techniques help players perform at their maximum potential.
- Goldie Hawn's foundation created the MindUp program to teach mindfulness to children. A set of 15 lessons based on neuroscience has been taught to several hundred thousand children. Demonstrated results include increased optimism, happiness, empathy, compassion, and academic performance as well as reduced bullying and aggression.[70]

YOUR THOUGHTS?

1. Are you surprised by the diverse applications of mindfulness? Explain.
2. Which of these applications do you find most interesting? Why?

Would you like to improve your overall well-being? How about the effectiveness of your social interactions and relationships? If yes, you will gain valuable insight about your level of mindfulness by taking Self-Assessment 7.2. You can use your scores to develop an improvement plan in pursuit of mindfulness's positive outcomes.

SELF-ASSESSMENT 7.2

What Is My Level of Mindfulness?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 7.2 in Connect.

1. What questions identified your greatest inhibitors? (Select the three items with the lowest scores.)
2. What is the cause of these inhibitors?
3. Examine the techniques listed in the next section and decide which one might be best suited for your needs. Start using the technique on a daily basis.

Practicing Mindfulness

The goal of practicing mindfulness is to help you become more calm and collected in all circumstances. The 2009 book *The Leader's Way* explains: "When the mind is disturbed by anger, jealousy, hate, impatience, fear, lack of self-confidence, or negative emotions about things that happened in the past, it is wasting valuable time that instead should be used for constructive thinking."[71] Practicing mindfulness helps you focus your mind on productive activities while constraining counterproductive thinking and mind wandering.

The good news is that you can learn mindfulness by using a variety of simple meditative techniques on a regular basis. Although there are many good books and articles you can consult for details regarding these techniques,[72] we review two approaches that are easily learned: a breathing meditation and a walking meditation. Research shows that practicing short meditative techniques like these reduces stress and negative emotions and increases emotional regulation, task performance, and memory.[73] You will find both physiological and cognitive benefits from practicing mindfulness. Give it a try!

Breathing Meditation Breathing meditations are easy and can be done almost anywhere. Focusing on breath reminds us of the here and now because it brings us back to a fundamental and vital function of life. This technique requires nothing more than tuning into the physical sensations associated with breathing in and out. Two experts recommend the following simple approach for getting started:

- Place your hand on your stomach a couple of inches beneath the upside-down V at the center of your rib cage. Look down, breathe normally, and watch your hand. You'll probably see it move only a little bit, and more or less up and down. Your belly should expand when you inhale and contract on the exhale.
- Leaving your hand in place, now breathe in such a way that your hand moves out and back, perpendicular to your chest. Try to breathe into your hand with real oomph, so that it travels back and forth half an inch or more with each breadth.[74]

Start by trying these two steps for about 10 to 20 breaths. Once you are comfortable with this form of diaphragm breathing, you can take your practice to the next level with these additional instructions:

- Sit comfortably in a chair, feet firmly on the ground and your back relatively erect. Feel like you are a "proud mountain" of stability. Close your eyes and take a deep inhale that fills your belly and lungs. Now exhale, noticing how your belly contracts. Do this twice.
- Add counting to four or five as you both inhale and exhale, to ensure that you are taking deep breaths. Try doing this for five minutes twice a day. You can extend the length of time you practice breathing meditations as you become more comfortable with the technique.

Your mind is likely to wander during these exercises. You also will notice sounds around you. That's normal. Acknowledge the thoughts and sounds and return your focus to your breath. Don't try to chase the thoughts away or give the sounds much attention. Just recognize them and let them pass. The thoughts will move away like a white cloud being blown by the wind in a blue sky.

Walking in nature can be very meditative and has been found to improve our mood and general outlook. If you want to make a walk like this meditative, take breaks now and then to focus on what you are seeing, hearing, or smelling.

Walking Meditation This is one of your authors' favorite forms of meditation because it can be done any time you are walking, and no one will know you are doing it. Start this technique by forming an intention. **An *intention* is an end point or desired goal you want to achieve.** It sends a signal to the mind that guides its attentiveness and awareness during the meditative practice.[75] A sample intention is, "I will focus on the act of walking while ignoring other sounds and thoughts."

Begin walking and keep your intention in mind. Concentrate on placing one foot after the other. Feel the rhythmic nature of your steps. Focus on how it feels to lift and place your feet on the surface. Train your mind to be aware of your footsteps. Notice the speed at which you walk and the pressure being felt by your feet. Consider changing the length of your stride and notice how it feels. If your mind starts to wander or you begin thinking about something you have to do, just recognize the thought and then drop it. Return your attention and awareness to your intention, which is the act of walking. You will be amazed at what you can observe.[76] Try this for five minutes.

A variation on this technique is to focus your intention on sound or smell. For example, "I will focus on all sounds during my walk," and "I will focus on all smells during my walk." If you use an intention aimed at sound, begin walking and concentrate on what you hear. Listen for all types of sounds like footsteps, birdsong, mechanical objects operating, wind, tree branches rustling, voices, clanging of objects, airplanes overhead, and so on. The key is to allow your mind to focus on anything that can be heard. Again, recognize stray or wandering thoughts, and then let them passively go away by returning to your intention. Try this for five to 10 minutes.

Practice Makes Perfect Mindfulness can be learned via practice, and though it takes time and commitment, the benefits are substantial. The techniques above can get you started, and helpful apps can also guide you through meditative experiences.[77] In addition, your local gym might offer classes. For example, 24 Hour Fitness is exploring the use of special meditative pods that use sound and light to help people meditate.[78]

TAKE-AWAY APPLICATION

Practicing Mindfulness

- Begin by thinking of a time when you were not paying attention in class.
  1. What do you think was the cause of your lack of mindfulness? Was it attentional deficit or attentional hyperactivity?
  2. What can you do in class to stay focused on the moment?
- Think of a time when you were talking with someone and you completely missed part of what he or she said because your mind was wandering.
  3. How can you remain mindful in one-on-one conversations?

7.4 DEVELOPING PSYCHOLOGICAL CAPITAL AND SIGNATURE STRENGTHS

MAJOR QUESTION

How can my inner HERO and signature strengths benefit me at work and in my career?

THE BIGGER PICTURE

Positive psychological capital is a relatively new concept in OB and is part of the positive OB movement. It is a key person input in the Organizing Framework. Often you'll find it explained in terms of its components: hope, efficacy, resiliency, and optimism (HERO). You're about to learn how to develop and benefit from your inner HERO or psychological capital. We also explore signature strengths, in keeping with a contemporary movement that focuses on utilizing individuals' positive attributes instead of attempting to overcome weaknesses.

In this section you'll learn how both psychological capital and signature strengths contribute to positivity from person factors, as shown in Figure 7.2. **Individuals with high levels of *positive psychological capital (PsyCap)* possess considerable hope, efficacy, resilience, and optimism (HERO).** These traits are characterized by the following:

- **H** **Hope.** Persevering toward goals and, when necessary, redirecting paths in order to succeed.
- **E** **Efficacy.** Having the confidence to take on challenging tasks and put in the effort necessary to succeed.
- **R** **Resilience.** When beset by problems and adversity, sustaining and bouncing back and even beyond to attain success.
- **O** **Optimism.** Making a positive attribution about succeeding now and in the future.[79]

Fortunately, you can develop your PsyCap. As we discussed in Chapter 3, individual traits that are relatively flexible, such as emotional intelligence, present opportunities for you and other managers to harness, develop, and utilize your strengths. Not only is your PsyCap flexible; it also has been shown to improve many outcomes in the Organizing Framework, such as by increasing job satisfaction, organizational commitment, and well-being and decreasing intentions to quit, job stress, anxiety, and counterproductive work behaviors.[80] This section provides the information you need to develop your PsyCap and that of others by focusing on the HERO traits.

Hope = Willpower + Waypower

You're probably thinking, "Of course I know what hope is; what else is there to know?" You also likely see yourself as more hopeful than the average person. If this is your view, you might be surprised to learn that hope actually has two components. Knowing about them can help you understand why hope works, when it doesn't, and how to build it.

The two components of hope are *willpower* and *waypower*. This means **to have *hope* you need to have a goal and the determination to achieve it—willpower—*and* you also need to see one or more paths to achieve your goal, even when faced with**

adversity—waypower.[81] Hope therefore requires both a goal and a means for achieving that goal.

Ben Horowitz, the renowned technology venture capitalist, puts a high premium on the willpower of entrepreneurs. Willpower, along with genius, are in his mind the two most crucial characteristics of successful entrepreneurs. "Building a company is hard and lonely. It demands relentless focus. And no matter how well you do, you must be ready to be pummeled again and again."[82] It takes willpower to persist. Horowitz himself demonstrated enormous willpower when Loudcloud, an earlier venture with Marc Andreessen, nearly failed half a dozen times before ultimately being revived, strengthened, and sold to HP for $1.6 billion. Horowitz used "force of personality and willpower to make a business out of it," said Herb Allen III, the CEO of Allen & Co.[83]

Ben Horowitz is one of the top tech investors. He believes that willpower and the ability to persist are critical to entrepreneurs' success. © Patrick T. Fallon/Bloomberg/Getty Images

In a practical sense, hope supports adaptability and change. A series of studies showed that hope led to increased adaptability for police officers and insurance sales agents, and in the case of the agents, it also led to increased sales commissions.[84] You can build hope in yourself and others via effective goal setting (Chapter 6).[85] The problem-solving approach also can help, because it can assist you in identifying potential obstacles, sources of support, and feasible alternate paths by which to reach your goal.

TAKE-AWAY APPLICATION

Increasing My Level of Hope

Complete the following to apply your new knowledge regarding hope. These steps should make you more hopeful of having a positive influence.

1. Think of a situation at school, work, or home that you'd like to positively influence.
2. Now describe a specific goal you'd like to achieve.
3. Formulate a plan of action to achieve this goal.
4. To increase your level of hope for achieving your goal, think of a plan B or alternative to your first plan.

Efficacy

We discussed efficacy in Chapter 3; remember efficacy also is a component of your core self-evaluations (CSEs) and represents your confidence in your ability to achieve. Thus it influences the way you perceive the world around you and your ability to deal with challenges and opportunities. Figure 3.4 provides a guide for improving your self-efficacy. Applying your knowledge of self-efficacy will help you realize its important role in your positive psychological capital—greater efficacy makes you more confident, more positive, and more effective.

Resilience

If you're *resilient* you have the capacity to consistently bounce back from adversity and to sustain yourself when confronted with challenges. Resilience helps you when things go your way and when they don't; it is your built-in shield and recovery characteristic. Fred Luthans, the father of psychological capital, and his colleagues stated that resilience "is arguably the most important positive resource to navigating a turbulent and stressful workplace."[86] What gives resilience its power? Resilient people are open to new experiences, flexible to changing demands, and emotionally stable when confronted with adversity.[87] It is therefore no wonder that resilience is a component of psychological capital and positive OB. Resilience can be improved with support such as coaching or help from others during trying times or experiences. The work climate, discussed in the next section of this chapter, can make employees feel safe enough to take risks and to make mistakes, thus enhancing their resilience.[88]

Optimism

Optimists are both realistic and flexible. Think about it. If we aren't realistic, then we are setting ourselves up to fail. And if we fail too often, then even the most optimistic of us lose our motivation and inspiration.

Similarly, true optimists are flexible. This means they are willing to revise their views as situations change. (Recall the contingency approach to management discussed in Chapter 1.) To clarify, optimists don't see everything as positive. If they did they would be unrealistic or delusional.

Also recall from Chapter 4 that optimists perceive the causes of events in a particular way. That is, ***optimists*** **often attribute successes to "personal, permanent, and pervasive causes, and negative events to external, temporary, and situation-specific ones."**[89] Scientists argue that optimism is part of what alters our views of the likely outcomes in our lives and motivates us to act.[90] The following OB in Action box illustrates the power of optimism for two successful entrepreneurs.

OB in Action

Life Is Good . . . Spread the Power of Optimism

Brothers Bert and John Jacobs are the founders of Life Is Good (LIG). The company is probably best known for its Life Is Good T-shirts, but it now sells more than 900 items in 4,500 stores in 30 countries.[91] The company's mission is to spread the power of optimism "through art, a passionate community, and groundbreaking nonprofit work."[92]

The brothers' road to success was long and tough. The two spent years driving a used van up and down the East Coast selling T-shirts printed with their artwork. They survived on peanut butter and jelly, slept in the van, and rarely showered. After five years they had $78 in the bank, but that didn't cause them to give up.[93] Their breakthrough occurred when they realized they wanted to "counter the daily flood of negative news"[94] bombarding people every day in the media.

Brothers John (left) and Bert Jacobs started Life Is Good T-shirts with very few resources. Through a combination of hope and the belief that optimism is powerful, they have built a $100 million apparel business.
© Rachel Murray/Getty Images

"That led to a keg party at our apartment where we put drawings up on a wall. We had done a lot of music-inspired, cool, funky designs. But when we asked friends to write notes next to the drawings, we got a lot of comments about one drawing [a stick figure that smiled]. We decided to pair the figure with the words 'LIFE IS GOOD' and printed up 48 T-shirts with it. We went to a street fair and sold all of them in the first hour. It confirmed that people were craving something positive that focused on the good, instead of what's wrong with the world." The rest is history.[95]

Today, revenue exceeds $100 million annually, which provides the brothers the means to invest in other opportunities and help fulfill their mission of spreading optimism. The No. 1 criterion they use when evaluating opportunities is a "clear, unifying goal or mission."[96] The other details, while important, are simply a vehicle for delivering or realizing the mission.

The brothers offer the following advice to other entrepreneurs:[97]

1. Start with a purpose or mission. "It makes it easier to withstand setbacks, to motivate yourself and others, to recruit and unite a team around your idea. . . . We all crave meaning in our lives—build it into your adventure."
2. Remain open to feedback. "Rejection can be your best teacher. It forces you to make adjustments and grow smarter and stronger."
3. Work and play. Be sure you play at work. Everything is better when it includes laughter and fun.

YOUR THOUGHTS?

1. What are the potential sources of the Jacobs brothers' optimism?
2. How could you apply their approach to your own life—at school, work, or personally?
3. What are the potential downsides to optimism? Explain.

Did you ever wonder why people are optimistic in the first place? What function does optimism serve? One school of thought claims it is self-inspiration, our mind's way of motivating us to move forward even if the future is uncertain. The rationale is that if humans didn't think the future would be bright—an improvement over today—they might be crippled with fear and uncertainty, never take risks, and never better themselves or their situation. After all, humans have the unique ability to think ahead and to realize they will die some day. If the mind didn't have some way of combating this, many people would be preoccupied with gloom and wouldn't save money or invest in their children.

Therefore, a belief that things can or will be better in the future not only helps keep our minds at ease, but it also reduces stress (discussed in Chapter 16) and helps us paint our decisions in a positive, appealing light. It keeps us moving forward.

How I Can Develop My PsyCap

Like other more conventional forms of capital (cash, facilities, patents, equipment), PsyCap is a resource you invest in or develop with the expectation of future returns or benefits. It can help you flourish in your professional and personal life. And its components are mutually reinforcing—developing one often helps develop the others.[98] Try putting the following recommendations into practice to develop your PsyCap.

- **Hope development.** Generate a work-related goal that is important to you and attainable yet challenging; create multiple plans for achieving this goal. Share these with others—coworkers or classmates—to get their feedback and recommendations.
- **Efficacy development.** Besides recommendations from Chapter 3, break your larger goal into smaller subgoals as discussed in Chapter 6. Create plans for achieving the subgoals and share them with others to get feedback and recommendations.
- **Resilience development.** Make a list of your personal talents, skills, and social networks; specify how these can help you achieve your goal; identify potential obstacles and decide how to avoid them or reduce their impact.[99]
- **Optimism development.** Hope development bolsters your optimism, but it also is helpful to identify obstacles and negative expectations. On your own, check to see whether the obstacles you identify are valid, and then have others challenge your assumptions.

Learning your personal PsyCap score can help you understand and improve your ability to find a job, increase your creativity and innovativeness, and reduce the stress in your life.[100] Your score will also serve as the basis for developing hope, efficacy, resiliency, and optimism, as described above.

connect SELF-ASSESSMENT 7.3

What Is My Level of PsyCap?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 7.3 in Connect.

1. Which score is the highest? The lowest? Complete the PsyCap development steps, and be sure to utilize your highest or strongest component. Pay extra attention to developing the lowest or weakest.
2. In the Organizing Framework identify a process at all three levels—individual, group, and organizational—that PsyCap is likely to influence.
3. Describe one thing you can do to further develop each component of your PsyCap.

Adapted from F. Luthans, C. M. Youseff, and B. J. Avolio, *Psychological Capital: Developing the Human Competitive Edge* (Oxford, UK: Oxford University Press, 2006).

Let's conclude this section with an exploration of signature strengths.

Signature Strengths

Signature strengths **"are positive human traits that influence thoughts, feelings, and behaviors and provide a sense of fulfillment and meaning."**[101] Signature strengths are a subset, typically three to seven for most individuals, of a larger collection of 24 character strengths (see Table 7.3). What helps differentiate signature strengths from the rest is that "a person owns, celebrates, and frequently exercises"[102] them, and these strengths are "core to people's identities, and they feel authentic, exciting, and invigorating when used."[103] Signature strengths can be developed, too.

A Departure from Past and Present The "strengths movement" represents a dramatic departure from conventional management research and practice. Historically, and still, the vast majority of writing, research, and actual managing focuses on how to fix what is wrong and who is underperforming or otherwise not meeting expectations.

Many large and successful organizations are putting the strengths approach to the test, such as VMware, Wayfair, and the Boston Consulting Group. The primary focus now is on employee successes and potential, rather than on missteps and

TABLE 7.3 THE 24 CHARACTER STRENGTHS

Creativity	Zest	Modesty
Curiosity	Love	Prudence
Judgment	Kindness	Self-regulation
Love of learning	Social intelligence	Beauty
Perspective	Teamwork	Gratitude
Bravery	Fairness	Hope
Perseverance	Leadership	Humor
Honesty	Forgiveness	Religiousness

deficiencies.[104] Research by the Gallup organization on employee strengths shows some impressive findings. Employees who report using their strengths every day at work are:

- Three times more likely to report having an excellent quality of life.
- Six times more likely to be engaged at work.
- 8 percent more productive.
- 15 percent less likely to quit.[105]

Would you like to be more engaged with school, work, and leisure activities? If yes, then your signature strengths are the key. Self-Assessment 7.4 will help you identify your signature strengths. You can use your scores to assess how you might build your strengths into your daily activities at school, work, and life.

connect SELF-ASSESSMENT 7.4

What Are My Signature Strengths?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 7.4 in Connect.

1. What are your highest-scoring strengths?
2. What are your weaknesses (the components with the lowest scores)?
3. Which of your strengths are you using on a daily basis?
4. What can you do to incorporate your strengths into your school, work, and leisure activities?

Applying Strengths at Work Consultants who work for Gallup, a firm who has been instrumental in the strengths movement, said: "Giving employees a chance to excel by doing what they do best every day seems like a no-brainer. In too many organizations, though, encouraging employees to know and use their strengths at work is limited to a guerrilla movement."[106] This quotation highlights that the fundamental obstacles to realizing the benefits associated with signature strengths are situation factors, such as leaders, managers, performance management practices, and organizational culture. Put another way, of course it is necessary to be aware of your strengths, but it also is necessary to be in situations that allow you to use them.[107] To help with this, we provide the following guidance on how organizations can create environments that foster and utilize employees' strengths:

1. **Look in the mirror.** Like most work endeavors, a strengths approach requires leader support to succeed. Begin with leaders learning their own strengths and being open about them. For instance, leaders who show vulnerability and admit to their own mistakes and limitations can serve as powerful role models for the larger organization."[108]
2. **Build strengths into performance management.** Strengths need to be supported by expectations, measurement, review, and rewards. It is an uphill battle to talk about, encourage, and celebrate strengths if the performance management practices do not support them.[109]
3. **Know your purpose.** Leaders need to be clear on why they and the organization are focusing on strengths—what is the intended benefit? Is it greater collaboration, increased customer satisfaction, innovation, or reduced turnover? Employees need to understand why and how strengths are important to the organization and its objectives.[110]
4. **Coach and develop strengths-oriented managers.** A strengths approach is not common, and implementing it effectively requires effort. Set your managers up to win by providing appropriate coaching and support.[111]

Now that you have a sense of two flexible and very important positive individual differences—psychological capital and signature strengths—we move to the group/team level in the next section and discuss organizational climate. You'll learn how policies and practices can help foster and realize the positive attributes of employees.

7.5 CREATING A CLIMATE THAT FOSTERS POSITIVE ORGANIZATIONAL BEHAVIOR

MAJOR QUESTION

How can managers create an organizational climate that fosters positive organizational behavior?

THE BIGGER PICTURE

OB has a term for the way you and your cohorts might evaluate the school you attend or the workplace you share: *organizational climate.* A positive climate is one component that makes positive organizational behavior work. You're about to find out how organizations and managers can foster such a climate.

Just as a car needs gasoline or electric power to run, Positive OB needs the right environment to flourish. Figure 7.2 revealed that organizational culture and climate are the situation factors that promote positive work environments. We focus on organizational climate in this section because organizational culture is thoroughly discussed in Chapter 14.

Organizational climate **consists of employees' perceptions "of formal and informal organizational policies, practices, procedures, and routines."**[112] In plain language, organizational climate reflects employees' beliefs about what they see going on at work and what is happening to them. These perceptions can range from positive and uplifting to negative and debilitating. Positive climates, such as one that supports safety, lead to positive outcomes like fewer accidents at work.[113] In contrast, negative climates that support abusive supervision or fear are associated with negative outcomes, such as less cooperation, less citizenship behavior, and lower performance.[114] What type of climate do you think is most likely to promote positivity from situation factors?

The answer is simple, according to the authors of *Fortune*'s study of the 100 Best Companies to Work For. "The key to creating a great workplace," they said, "was not a prescriptive set of employee benefits, programs, and practices, but the building of high-quality relationships in the workplace."[115] Figure 7.3 presents a model showing that positive climates are a function of organizational values, organizational practices, and virtuous leadership. Let us consider each of these situation factors.

Organizational Values

We defined *values* in Chapter 2 as abstract ideals that guide our thinking and behavior across all situations. In the context of organizational climate, organizational values represent the ideals that are endorsed, shared, and supported by the organization as a whole. A team of researchers identified three global values that are essential for promoting positive organizational behavior (see Figure 7.3). Each value is defined below.[116]

1. ***Restorative justice*** **reflects "a shared belief in the importance of resolving conflict multilaterally through the inclusion of victims, offenders, and all other stakeholders."**[117] Organizations that subscribe to restorative justice tend to resolve conflict by giving all parties a chance to express their thoughts and feelings. This in turn leads to healing when there has been hurt or offense, thereby producing solutions that focus on the greater good. Rudeness, in contrast, was found to spread like a disease, causing destructive relationships at work.[118] We should all try to avoid being rude.

FIGURE 7.3 CREATING A CLIMATE THAT FOSTERS POSITIVE ORGANIZATIONAL BEHAVIOR

2. ***Compassion*** **is a shared value that drives people to help others who are suffering.** It is associated with behaviors related to sympathy, kindness, tenderness, warmth, and love.[119]
3. ***Temperance*** **is a shared belief in showing restraint and control when faced with temptation and provocation.** Temperance promotes self-control, humility, and prudence. It helps people avoid egocentric and heated emotional responses and practice patience and restraint.[120]

Organizational Practices

Organizational practices **are the procedures, policies, practices, routines, and rules that organizations use to get things done.** Figure 7.3 shows that training programs, support programs, and human resource practices and policies represent three key sets of practices that shape organizational climate.[121] For example, Bath & Body Works is trying to improve its climate by ending its policy of on-call scheduling. Although the policy helps stores to flexibly manage their staff, it "leaves workers with unpredictable schedules and incomes," according to *The Wall Street Journal*.[122]

Employees have greater commitment, satisfaction, citizenship behavior, and performance—and lower absenteeism and intentions to quit—when they believe organizational practices support them professionally or personally.[123] The Container Store, for instance, bucked recent trends by providing part-time workers with health insurance and reducing their deductibles and co-pays. Medical device maker Arthrex offers employees free catered lunches and year-end profit sharing.[124]

Nashville Apple store worker Andrew Wall—on the right—showed compassion to 9-year-old James Rink. Rink, who has Down syndrome, was shopping with his mom for an iPad when he inadvertently walked into the store's glass wall and fell. Wall joined Rink on the floor and asked "Are you OK? What can I do for you?" Wall continued to work with Rink in the middle of the floor and ultimately made the sale. Rink and his mom were overjoyed with the encounter. Courtesy of Lynn Rink

Virtuous Leadership

Virtuousness **represents "what individuals and organizations aspire to be when they are at their very best."**[125] The focus of virtuous leadership is to help individuals, groups, and organizations to elevate, enrich, and flourish. Although Chapter 12 provides a broad discussion of leadership, we consider it here as well due to its significant relationship with organizational climate.[126]

Virtuous leadership will not positively affect organizational climate unless it is voluntary and performed as an end in itself. In other words, an act is virtuous only when it is done for the purpose of doing good. If your purpose is instead to get someone to help you, your actions are manipulative rather than virtuous.[127] Let us examine the key components of virtuous leadership and its consequences.

Components of Virtuous Leadership OB scholars have proposed a variety of traits and individual differences that underlie virtuous leadership. The four shown in Figure 7.3 were selected because they are most frequently discussed in OB research. Virtuous leaders are more focused on the *greater good* than on self-interest. They tend to do things that benefit the largest possible number of people. Starbucks, for instance, implemented its College Achievement Plan to make all employees eligible for an online degree from Arizona State University, at no expense and with no obligation to remain at the company. Scott Pitasky, the company's top human resources executive, said, "Starbucks' goal of creating a positive work experience for its employees is only part of the company's loftier vision. . . . At a very high level, we are looking for ways to create and integrate economic and social value."[128]

Virtuous leaders tend to promote *trust* by making sure their words match their actions, and by treating people with respect and dignity. *Integrity,* which comes from being guided by morals and honesty, also fosters positive OB. For example, people who lied less over 10 weeks were found to have improved mental and physical health than people who lied more frequently.[129] That said, a neurological study of lying revealed that it takes self-control to display integrity because lying is often associated with positive consequences.[130]

The final component of virtuous leadership, ***forgiveness,*** **is "the capacity to foster collective abandonment of justified resentment, bitterness, and blame, and, instead, it is the adoption of positive, forward-looking approaches in response to harm or damage."**[131] In addition to promoting positive outcomes, forgiveness can affect your health. Research shows that *unforgiveness* is associated with bitterness, anger, health problems, and premature death.[132]

Mike Rice, former men's basketball coach at Rutgers University, was fired because of his behavior toward players. Would you like to be coached by someone who threw basketballs at players during practice? Can people learn to be more virtuous? © Frank Franklin II/AP Photo

Effects of Virtuous Leadership Research is starting to accumulate on the impact of virtuous leadership. It has been associated with financial performance, customer satisfaction, organizational climate, and subjective measures of organizational effectiveness one to two years later.[133] In contrast, lack of virtuous leadership negatively affects individuals and organizations alike. Consider what happened at Rutgers University. Head men's basketball coach Mike Rice was fired in 2013 after a video surfaced that showed him "kicking players and throwing basketballs at them while using gay slurs." The athletic director resigned and the university experienced backlash from the investment community. Investors in state and local bonds have demanded extra yield for university securities since the video of Rice surfaced.[134]

7.6 FLOURISHING: THE DESTINATION OF POSITIVE ORGANIZATIONAL BEHAVIOR

MAJOR QUESTION

What can I do to enhance my level of flourishing?

THE BIGGER PICTURE

Asked what you want out of life, you might reply that you want to be happy. One early leader in the positive psychology movement eventually went beyond that goal and proposed another: *Flourishing*. You may find this broadened goal to include even more of your true aspirations. Flourishing, a key individual-level outcome in the Organizing Framework, includes five elements. They are positive emotions, engagement, relationships, meaning, and achievement (PERMA).

Martin Seligman, a renowned psychologist from the University of Pennsylvania, has been studying happiness and well-being for over 30 years. He is credited as being the driver of today's positive psychology movement, which is the forerunner of research on positive OB.[135] Seligman originally believed that happiness was the most important outcome in our lives. He changed his mind over the years. He now feels that people equate happiness with being cheerful, and you don't have to be cheerful to be physically or psychologically healthy.

Seligman proposed that ***well-being*** **was the combined impact of five elements—positive emotions, engagement, relationships, meaning, and achievement (PERMA).** Well-being comes from freely pursuing one or more of these five elements, according to Seligman.[136]

Flourishing **represents the extent to which our lives contain PERMA.** PERMA is the most important outcome from the process of positivity shown in Figure 7.2 When we flourish, our lives result in "goodness . . . growth, and resilience."[137] We should all strive to flourish because of its association with other positive outcomes like lower cardiovascular risk, lower levels of inflammation, longer life, greater REM sleep, and positive mental health.[138] PERMA elements also are positively related to important outcomes in the Organizing Framework—task performance, career satisfaction, organizational commitment, and low turnover.[139]

Jerome Dodson, fund manager for the Parnassus Fund, has taken the concept of flourishing to heart when he makes investment decisions. He uses the extent to which a company is socially responsible and cares about the greater good when it comes to employees and communities as one criterion for selecting investment opportunities (see the OB in Action box).

OB in Action

Values-Based Investing at Parnassus Fund

Parnassus Investments was started in 1984 by Jerome Dodson with $350,000 from friends and family. Today, the company manages over $15 billion in six funds. What's unique about it is the selection criteria Dodson uses to identify investment opportunities. Dodson's initial investment philosophy was grounded in the belief that ethical companies with positive working environments are good investments. As he says, "It made a lot of intuitive sense to me that companies that treat their employees well should in return get good efforts from their employees and they should be more successful as a business."[140] Dodson admits that he makes investment decisions by integrating old-fashioned financial research with information obtained by interviewing managers and employees at companies under consideration. He also assesses the "positivity" of work environments by examining annual rankings contained in independent sources such as *Fortune* and *Working Mother.*

Treating employees positively is not enough in Dodson's view. He thinks companies should also be ethical and in some way contribute to the greater good of society. Thus his investments have excluded alcohol, tobacco, gaming, weapons, and nuclear-power-related companies since 1984. According to Barron's, Dodson's strategy has "kept Parnassus from owning Valeant, whose business model of huge price increases for drugs with a limited market made him recoil. Initially, Dodson says he wasn't even aware of Valeant's reliance on the mail-order pharmacy Philidor, which used questionable tactics to get insurers to pay for drugs: 'It's definitely not ethical investing.'"[141]

Let's consider whether Dodson's philosophy holds up by comparing returns achieved by the Parnassus Fund to those of the S&P 500. Looking backward from the start of 2016, Dodson's fund realized 4.6 percent, 18.1 percent, and 15.7 percent gains for one-, three-, and five-year periods. In contrast, the S&P 500 obtained returns of –.01 percent, 13 percent, and 10.6 percent during the same periods.[142]

YOUR THOUGHTS?

1. What is driving Dodson's approach to investing?
2. What are the pros and cons to making investment decisions based on the way a company treats its employees?
3. Do you think Dodson's approach will continue to be effective over time? Explain.

As you read about the elements contained in PERMA, keep in mind that research suggests that many people are not flourishing. For example, a recent survey of 160,000 people around the world revealed that 33 percent reported above-average stress.[143] US data further showed that a majority of people lose sleep due to work-related stress and many people are abusing painkillers to combat it. Painkiller abuse costs employers about $25.5 billion a year in absenteeism and lost productivity.[144]

Positive Emotions

Although we thoroughly discussed positive emotions earlier in this chapter, one aspect of Barbara Fredrickson's "broaden and build" theory bears repeating because it enhances your ability to experience the other components of PERMA. Positive emotions *broaden* your perspective about how to overcome challenges in your life. For example, the emotion of joy is more likely to lead you to envision creative ideas during a brainstorming session. Positive emotions also *build* on themselves, resulting in a spreading of positive emotions within yourself and those around you. Research shows that "people in groups 'catch' feelings from others through behavioral mimicry and subsequent changes in brain function. If you regularly walk into a room smiling with high energy, you're much more likely to create a culture of joy than if you wear a neutral expression."[145]

Pirch, a California-based retailer that specializes in fixtures and appliances for kitchen, bath, and outdoors, has taken advantage of positive contagion (see the OB in Action box).

OB in Action

Pirch Spreads Joy

Pirch has eight locations across the United States. Its founders' vision was to reinvent the way people shop for home appliances, as follows:

"We are not here to sell you what we want, rather our focus is to guide you to discover and fall in love with the best products that best suit how you live." Pirch wants shoppers to view its stores like a playground where they have fun trying out various products while sampling "complimentary chef-prepared sweet and savory bites and handcrafted coffees."[146]

Pirch's philosophy hangs above the front door of its Costa-Mesa showroom. The sign says "Live Joyfully."
© Mark Steele/Pirch

To turn this vision into reality, Pirch is pursuing a two-part strategy. The first allows shoppers to test products. For instance, customers can bring their bathing suits and soak in a $20,000 granite tub or unwind in a steam room. Putting the customer first is the second part of the strategy. This begins when customers cross the threshold of a store and are warmly greeted "with a fresh coffee and serving [of] complimentary food or snacks while they browse or complete a sale."[147]

"Pirch urges all to 'live joyfully,' and sayings from its manifesto—'Play more, think less,' 'Be crazy about something,' and 'Forgive'—are featured in every store." To reinforce these ideas the company trains its employees to work joyfully. The training lasts five days and demonstrates how positive emotions influence customers. According to Pirch CEO Jeffrey Sears, "The emotion of the stores emanates from the smiles on people's faces and the passion they have about serving others."[148]

Training also "explores the company's 23 'elements of joy' and how those principles should guide actions." Gratitude exercises are used to help employees bond, and everyone spends half a day with the CEO. According to *Fortune,* the CEO "gives frank answers to personal questions that can be painful to share, teaching the importance of building trust with customers." Employees conclude training by visiting different luxury retailers to investigate how salespeople can shape a customer's experience.[149]

It appears that an emphasis on joy and positivity is working for Pirch. Sales per square foot average more than $3,000, which places it above all but three U.S. retailers (Apple, Murphy USA, and Tiffany), according to eMarketer.[150]

YOUR THOUGHTS?

1. What do you think about the concept of training employees to work joyfully?
2. Why would a salesperson's display of joy and gratitude enhance a customer's experience?
3. Do you think Pirch is going overboard with respect to creating positivity in its stores? Explain.

Engagement

You may recall from Chapter 2 that employee engagement reflects the extent to which you are physically, cognitively, and emotionally engaged in an activity, task, or project. This state is sometimes called being in the "zone" or in a state of "flow." ***Flow*** **"is the state of being completely involved in an activity for its own sake."**[151] Flow is a positive state because our well-being benefits from our deep attention to and engagement with an activity. A recent study of flow over a four-day period, for instance, revealed that people were more energized in the evenings if they experienced flow during the workday.[152]

Engagement and positive emotions are not one and the same. For example, when we are *in flow,* we are not necessarily thinking about anything; we are just doing! Our concentration is so high during flow that we use all the cognitive and emotional resources normally needed for thought and feelings.

How can you create engagement or flow for yourself? Seligman and others suggest that this is a two-part sequence consisting of (1) identifying your signature strengths and (2) learning to use them in your daily personal and work activities. For us, working on this book, teaching, and playing golf put us into flow. Once you have identified your strengths, you can work with your manager to determine how to incorporate them into your job.

Relationships

Think of the last time you laughed boisterously, felt joyous, were inspired, or experienced awe. Were you with someone else at the time? We suspect so, because positive emotions are often associated with activities that include others.

Biologists have concluded that we are creatures of the hive. After studying insects such as wasps, termites, and ants, researchers concluded that the group is a natural unit of selection. In other words, insects and people both like to be in groups and to work collaboratively with others in getting things done. For insects it's building a fortress or hive, and for us it's completing tasks and projects, socializing, sharing memories, and traveling.

While others sometimes get on our nerves, positive relationships are a strong contributor to our well-being. They buffer us from stressors and provide resources that enable us to more effectively get things done. Positive relationships fuel the giving and receiving of social support. ***Social support*** **is the amount of perceived helpfulness we derive from social relationships.** There are four types.

- *Esteem support:* reassurance that a person is accepted and respected despite any problems or inadequacies.
- *Informational support:* help defining, understanding, and coping with problems.
- *Social companionship:* time spent with others in leisure and recreational activities.
- *Instrumental support:* financial aid, material resources, or needed services.[153]

You can enhance your level of flourishing by seeking social support, but you also will flourish by providing support to others, particularly in the form of kindness. Research reveals that the exhibition of kindness produces significant increases in well-being.[154] Conduct a kindness exercise by doing a completely unexpected thing for someone else. It can be as simple as holding a door open for another to pass through or helping someone with directions. Then notice how you feel. You should experience one or more positive emotions.

Meaningfulness

Viktor Frankl, an Austrian neurologist and psychiatrist who survived the Holocaust, was a strong proponent of using meaningfulness to promote well-being. His best-selling book *Man's Search for Meaning* chronicled his experiences in concentration camps and summarized what he learned from these events. Frankl's conclusion was that "striving to find a meaning in one's life is the primary motivational force" for people.[155] In other words, it is the drive to find meaning in our lives that instills in us a sense of purpose and motivation to pursue goals.

What types of support do you see in this photo of the aftermath of the 2013 Boston marathon bombing? What other aspects of PERMA would be activated by helping others in a tragedy like this? © *MetroWest Daily News*, Ken McGagh/AP Photo

Meaningfulness **is the sense of "belonging to and serving something that you believe is bigger than the self."**[156] In our case, for instance, we derive meaning from writing this book because we believe it can enrich your life and help you manage others more effectively. We have three suggestions for building meaning into your life.

1. **Identify activities you love doing.** Try to do more of these activities or find ways to build them into your work role. Employees at St. Jude Children's Research Hospital embody this suggestion. They truly enjoy participating in the St. Jude Marathon weekend because it raises money for the children being treated at the hospital. One employee, a cancer survivor, commented, "Each year it provides me with another opportunity to give back so that we can help countless other children have anniversaries of their own."[157]
2. **Find a way to build your natural strengths into your personal and work life.** You assessed your signature strengths earlier in Self-Assessment 7.4.
3. **Go out and help someone.** Research shows that people derive a sense of meaningfulness from helping others.[158] Salesforce.com encourages this result by giving employees six paid days a year to volunteer. All told, company employees logged over one million volunteer hours in 2015.[159] Remember, helping others creates the upward spiral of positivity discussed earlier in this chapter.

Achievement

The final component of PERMA, achievement, pertains to the extent to which you have a self-directed "achieving life." In other words, we flourish when we pursue achievement for its own sake. Doing so fosters feelings of competence and mastery, which in turn enhances our self-esteem and self-efficacy. Companies help employees achieve by providing both skills-based training and professional developmental activities. *Training* magazine created a list of the top 125 U.S. companies that invest in such training. The top five in 2016 were Jiffy Lube, Keller Williams Realty, Inc., CHG Healthcare Services, Capital BlueCross, and Blue Cross Blue Shield of Michigan.[160]

What Did I Learn?

In this chapter, you learned that positive OB focuses on creating work environments in which people flourish, and that a number of techniques can help you increase your positivity at school and home. Reinforce your learning with the Key Points below. Then consolidate your learning using the Organizing Framework. Challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 7

You learned the following key points.

7.1 THE VALUE OF POSITIVE ORGANIZATIONAL BEHAVIOR

- Positive OB emphasizes positive emotion, mindfulness, psychological capital, signature strengths, and organizational climate to foster positive outcomes across all three levels of OB.
- Positive OB operates via three principle effects: *amplifying, buffering,* and *positivity.* Combined, these generate positive outcomes.
- Positivity is more than positive thinking and happiness, and it improves more than performance. It can also support stronger relationships, more prosocial behaviors, stronger bodies and immune systems, and original thinking.

7.2 THE POWER OF POSITIVE EMOTIONS

- Negative emotions cause you to narrow your focus, while positive emotions cause you to broaden your thinking.
- Positive emotions are contagious and can be actively increased.
- Research shows that you need multiple positive experiences to overcome or compensate for each negative.

7.3 FOSTERING MINDFULNESS

- Mindlessness is a state of reduced attention, while *mindfulness* is fostered by paying attention to the present moment in a nonjudgmental way.
- Two key inhibitors of mindfulness are attentional deficits and attentional hyperactivity.
- Mindfulness can be learned through a variety of simple "meditative" techniques practiced on a regular basis.

7.4 DEVELOPING PSYCHOLOGICAL CAPITAL AND SIGNATURE STRENGTHS

- Positive psychological capital consists of hope, efficacy, resilience, and optimism (HERO).
- Hope includes not only a goal and determination to achieve it, but also one or more clear paths for achieving it.
- Resilience is your ability to bounce back after adversity and sustain yourself.
- Optimism attributes positive events to personal, permanent, and pervasive factors.
- Signature strengths are a handful of personal attributes that influence your thoughts, feelings, and behaviors. You feel authentic, excited, and invigorated when you exercise them.

7.5 CREATING A CLIMATE THAT FOSTERS POSITIVE ORGANIZATIONAL BEHAVIOR

- Organizational climate represents employees' perceptions of an organization's policies, practices, procedures, and routines.
- Positive organizational climates are a function of organizational values, organizational practices, and virtuous leadership.
- Positive climates are driven by values pertaining to (1) restorative justice, (2) compassion, and (3) temperance.
- The key components of virtuous leadership are a focus on the greater good, trust, integrity, and forgiveness.

7.6 FLOURISHING: THE DESTINATION OF POSITIVE ORGANIZATIONAL BEHAVIOR

- Flourishing reflects the extent to which our lives contain five elements: positive emotions,

engagement, relationships, meaning, and achievement (PERMA). It is a key outcome in the Organizing Framework.
- Positive emotions have a contagion effect.
- You can increase your engagement by using your signature strengths in everyday activities.
- Four key types of social support are esteem support, informational support, social companionship, and instrumental support.

The Organizing Framework for Chapter 7

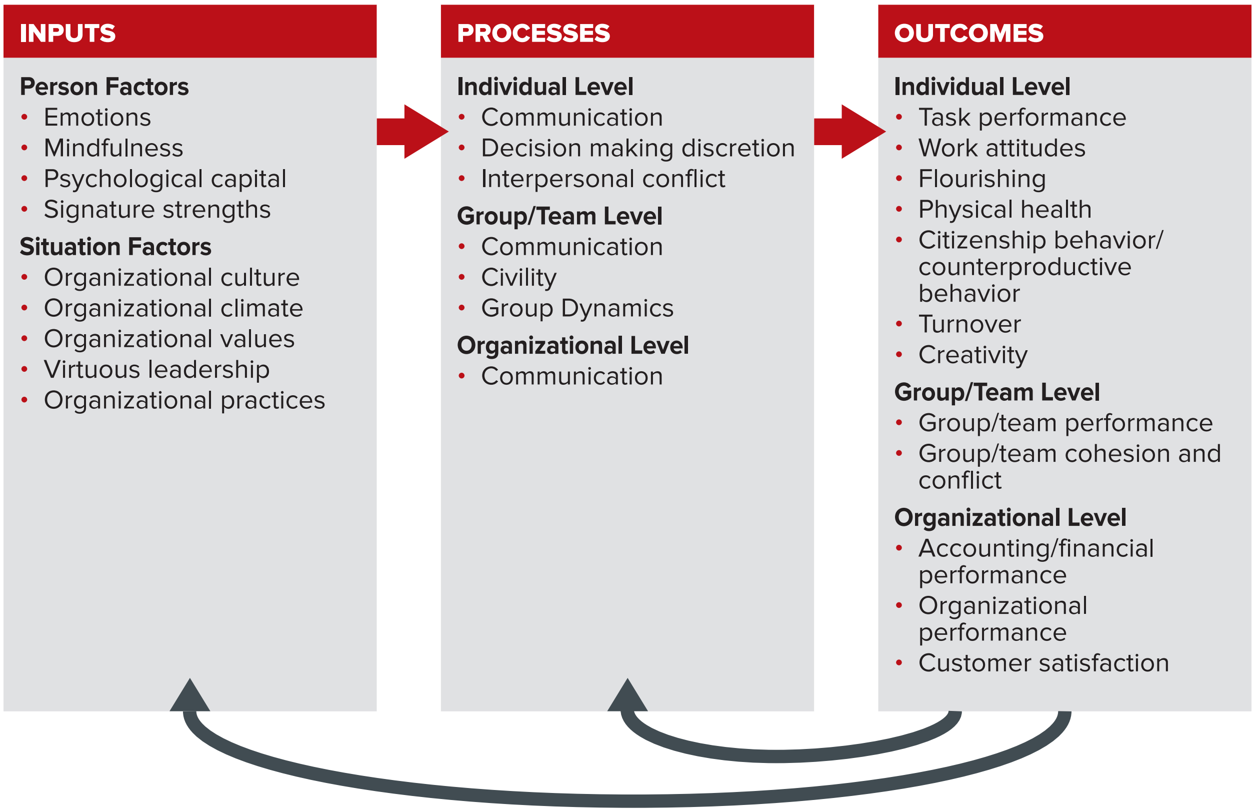
Figure 7.4 shows that four person factors and five situation factors contribute to positive outcomes across the three levels of OB. You can also see that there are processes at the individual, group/team, and organizational level that affect outcomes. As for outcomes affected by the inputs and processes shown in Figure 7.4, individual-level ones include task performance, work attitudes, flourishing, physical health, citizenship behavior/counterproductive behavior, turnover, and creativity. At the group/team level, outcomes include group/team performance and group cohesion and conflict. Finally, at the organizational level, outcomes include financial performance, overall organizational performance, and customer satisfaction.

Challenge: Major Questions for Chapter 7

You should now be able to answer the following questions. Refer to the Key Points, Figure 7.4, the chapter itself, and your notes to revisit and answer the following major questions:

1. How does understanding positive organizational behavior benefit me?
2. How can positive emotions make me more effective at school, at work, and in other arenas of life?
3. How can mindfulness contribute to my effectiveness?
4. How can my inner HERO and signature strengths benefit me at work and in my career?
5. How can managers create an organizational climate that fosters positive organizational behavior?
6. What can I do to enhance my level of flourishing?

FIGURE 7.4 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

There are six ways you can apply the material in this chapter. First, since positive practices amplify positive outcomes, you can improve your work environment by identifying and emphasizing such practices, like sharing important information and providing effective feedback. Second, if you are upset with your partner or coworker, try to think of at least three things you like or appreciate about him or her. Similarly, if someone is upset with you, realize that you need several characteristics or actions to compensate for each negative. Third, develop a plan to be more mindful. Techniques such as meditation and yoga can enhance your ability to focus and hold your attention. Many good books and apps can help in this pursuit. Fourth, making your goals SMART *and* formulating effective action plans will help build your level of hope (goal + path = hope). Hope should boost your goal commitment and success. Fifth, you can contribute to a positive organizational climate by adhering to the values your employer endorses and by trying to be more virtuous. Finally, develop a plan to build PERMA into your life by focusing on those components over which you have more control. You can make a choice to be more positive, you can work on building more positive relationships in your life, and you can strive for achievement.

IMPLICATIONS FOR MANAGERS

There are seven key implications for managers. First, identify existing positive practices, such as appropriately and regularly recognizing performance, and be sure to emphasize them. Role-model these practices and watch your people flourish. Second, realize that your emotions are contagious. To build a positive environment for your people, be positive yourself. Random acts of kindness can go a long way (give somebody a spot bonus or an afternoon off, or throw an impromptu celebration in the office). Third, model mindfulness by being focused on the present moment whenever you are talking or meeting with others. You can also establish a policy of not using web-based or mobile technologies during meetings. Fourth, encourage your employer to train employees in mindfulness techniques. Fifth, learn about and utilize your strengths and those of the people you manage. Be sure to verbally acknowledge others' strengths and create opportunities for them to be used. Sixth, endorse and model your employer's stated corporate values and try to engage in more virtuous leadership. Finally, support your employees' level of PERMA by engaging in one or more of the following: (1) display positive emotions at work, (2) identify the tasks or responsibilities that engage your employees and find ways to design them into their jobs, (3) provide the four sources of social support when possible, (4) use I-deals, discussed in Chapter 5, to help employees find meaning in their work, and (5) encourage creative approaches to achieving goals.

PROBLEM-SOLVING APPLICATION CASE

Does Forever 21 Foster Positivity?

Forever 21 was founded in downtown Los Angeles in 1984 by a Korean-American immigrant couple, Do Won Chang and Jin Sook. They are known as Mr. and Mrs. Chang and still run the privately held company. Today, it employs about 35,000 people and runs 600 stores worldwide, with operations in the United States, Canada, China, Europe, Hong Kong, India, Israel, Japan, Korea, Latin America, Mexico, the Philippines, and the United Kingdom.[161] The company made about $4.5 billion in 2015.

The Changs are born-again Christians and try to run their business using Christian values. Mrs. Chang told *Bloomberg Businessweek* that she prayed about whether to open their first store. God told her to do so and promised she would succeed. The couple attend a daily prayer meeting at their church, where Mr. Chang leads a Bible study and Mrs. Chang is a deacon. The pastor noted that the Changs have contributed millions of dollars to worldwide missions.

The Changs' faith is represented in their stores, where every bright yellow shopping bag includes a reference to John 3:16. This Bible verse says, "For God so loved the world that he gave his one and only Son, that whoever believes in him shall not perish but have eternal life."[162]

FOREVER 21'S KEY VALUES

1. **Supplier and Vendor Social Compliance and Ethical Sourcing.** The company commits to caring "not only for our employees but also for the employees of hundreds of vendor manufacturing facilities throughout the world which make our products. We want all of these employees also to work in safe and healthy environments."
2. **Support Charities.** "At Forever 21, one of our core values is to encourage giving, to lend a helping hand to those who need it most."
3. **Environmental Sustainability.** "Forever 21 is committed to reducing its environmental footprint throughout its global operations."[163]

ARE THESE VALUES BEING LIVED AT THE COMPANY?

Forever 21 has experienced a number of lawsuits and controversies regarding different aspects of its operations.

- The US Department of Labor issued a subpoena in 2012 to force Forever 21 to reveal "how much the company's suppliers pay the workers who make its clothes. Anecdotal evidence suggests the salaries are well under the current US federal minimum wage of $7.25 an hour." After the company failed to provide the information, a US District Court judge ordered the company to provide the requested data.[164]
- A class-action lawsuit accuses the company of "failing to provide meal breaks, rest periods and overtime wages. Plaintiffs . . . claim that requisite bonuses weren't paid which qualify as overtime, and that the company failed to cover business expenses as required under law." Although the case has not been settled, plaintiffs "may be entitled to up to $4,000 in penalties as well as any due wages."[165]
- The company decided to reclassify 1 percent of its workforce to part-time status, working a maximum of 29.5 hours a week. This level of work is just "under the 30-hour full-time designation assigned by the Affordable Care Act, which requires companies who employ 50 or more workers to provide health insurance coverage for their full-time employees or face a penalty. Newly part-time workers who were enrolled in medical, dental, vision and voluntary plans will also see their coverage cut off on August 31 [2013], and they won't be able to receive paid time off."[166] These actions led to a social media firestorm, resulting in comments such as, "A true Christian thinks of others first and is not greedy. Tell me, just how rich do you need to be?" Another person wrote, "Jesus Christ would never, NEVER do this to anyone, ever."[167]
- Forever 21 agreed to pay $100,000 in penalties to the Occupational Safety and Health Administration (OSHA) for safety violations at its Westfarms Mall store in Farmington, Connecticut. A store inspection revealed that emergency exits and hallways were blocked by store inventory. Boxes were "piled as high as 10 feet and stacked in an unstable manner so that they blocked exit routes or could fall onto workers. The company contested the citations and penalties but has now reached an agreement in which it agrees to abate the cited hazards."[168] The company has been cited 12 times for similar violations at other locations.[169]

- Two recent lawsuits involve LGBTQ issues. Mickael Louis claimed extensive harassment that occurred while he was working at Forever 21 in Brooklyn. One boss said, "I love muscular black guys like you," and another showed him "cell phone videos of him having sex with men." Louis's boss "constantly addressed Louis as 'Honey,' [and] another manager—Andy Liu—allegedly came up with a different offensive nickname—'Nutella.'" Liu also told Louis, "Look out for the black people, they are going to steal."[170] The second case pertains to Alexia Daskalakis, 22, formerly known as Anthony Daskalakis. Daskalakis claimed her problem began when she began transitioning to a woman. Her boss allegedly started treating her with "'increasing contempt'—yelling at her in front of coworkers and calling her 'useless.'" Another manager called her a "hot mess." She was ultimately fired.[171]
- A former employee sued Forever 21 because it allegedly requires "employees to be on call for shifts but does not compensate them for it." The employee said, "These on-call shifts are no different than regular shifts, and Forever 21 has misclassified them in order to avoid paying reporting time in accordance with [California] law." One expert suggested that the company "appears to be in direct violation of California law, which requires that employees be compensated with 'reporting time pay' (which is equivalent to their regular hourly rate) for being required to report to work but being asked to work less than half the actual shift."[172]
- The company was sued by other companies and labels such as H&M, Diane von Furstenberg, Anna Sui, and Anthropologie (50 in all) for copying their clothes. H&M, for example, sued for "copyright infringement, false designation of origin and unfair competition." H&M claims Forever 21 copied its Beach Please tote bag. Von Furstenberg, Sui, and Anthropologie won settlements.[173]

WHAT ARE EMPLOYEES SAYING ABOUT THE COMPANY?

Here is what employees wrote on Glassdoor and Indeed.com in 2016:[174]

Pros: "Great management staff, everyone really tries to do the right thing." "Everything is always new and interesting, there is never a dull moment!" "Flexible schedule and fast environment." "First dibs on new clothes." "I enjoy all my coworkers; it isn't hard for me to get along with people."

Cons: "Zero support or direction from corporate and district managers, technology lacks compared to other stores and sales suffer." "It is difficult to attain a good work–life balance with consistent overnight shifts and last minute schedule." "No structure and no recognition." "Ugly acting people. Everyone is miserable from the customers to the employees. . . . Place is always messy." "The management at this job, for the most part, is not the best. They don't always treat everyone fairly, including each other."

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework in Figure 7.4 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Identify the perspective from which you're defining the problem—is it that of the Changs, employees, or other labels and retailers?

C. Use details in the case to identify the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Explaining why helps refine and focus your thinking. Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 7.4. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 7.4 to identify which person factors, if any, are most likely causes of the defined problem. For each cause, ask, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box shown in Figure 7.4. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 7 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Does GPS Tracking of Employee Actions Foster a Positive Work Environment?

More companies are using GPS apps to track the whereabouts of their employees. Companies claim such devices increase productivity and help locate employees in times of a crisis, such as the 2016 terrorist attack in Paris.[175]

For example, the city of Aurora, Colorado, installed tracking devices inside its sweepers and snowplows "to make sure they're being used as taxpayers intended. Management claims a 15 percent increase in productivity by having the tracking devices in the vehicles."[176] Driver Maria Coleman said, "It's Big Brother. It's watching you, making sure you do what you're supposed to do, but if you are doing what you're supposed to be doing, then you shouldn't have a problem."

Others think tracking devices are a violation of privacy and don't foster a positive, trusting climate. Officials at Wyckoff Heights Medical Center in Brooklyn, for instance, required nurses to wear tracking devices in order to improve patient care. Christine Terranova of the New York State Nurses Association doesn't like the devices. "These badges are worn every place they [the nurses] go," she said. "If they take their break, if they go to the bathroom, it reads out on a computer-generated real-time screen and it's logged." The nurses filed a grievance about wearing the sensors and lost in arbitration.[177]

The practice of tracking is now heading to the courts. Myrna Arias, a former sales executive for money-transfer company Intermex Wire Transfer, sued the company after she was fired for failing to use a Xora app that contained a global positioning system function that tracked the location of the person possessing the smartphone on which it was installed.

Arias's boss, John Stubits, admitted that she would be tracked both on and off the clock. He "bragged that he knew how fast she was driving at specific moments ever since she had installed the app on her phone."[178] Arias agreed to use the app during work hours but thought it was an invasion of privacy during nonwork hours. Stubits "told Arias she was required to keep her phone on 24/7 to answer client calls." Arias decided to remove "the app to protect her privacy and was scolded by Stubits. A few weeks later, Intermex fired her."[179]

What Would You Do?

What would you do if you were the CEO of Intermex and in charge of deciding what do about the Arias case and the use of tracking employees?

1. I appreciate the value of people flourishing at work, but this is a sales context and the company needs to be responsive to customer issues 24/7. I thus would fight the lawsuit and keep using the tracking device. Tracking employees during off-hours is not an invasion of privacy.
2. People won't flourish if the company doesn't change its ways. I would settle the lawsuit but continue to monitor employees only during work hours. It's an invasion of privacy to track people when they are not at work.
3. Settle the lawsuit and continue to track employees 24/7. I would also make all current and new employees sign a waiver indicating that it is a job requirement to use the tracking device 24/7. People can leave if they don't want to abide by the policy.
4. Invent other options.

part two

Groups

8 GROUPS AND TEAMS

How Can Working with Others Increase Everybody's Performance?

Major Topics I'll Learn and Questions I Should Be Able to Answer

8.1 Group Characteristics

MAJOR QUESTION: ***How can knowledge of groups and their key characteristics make me more successful?***

8.2 The Group Development Process

MAJOR QUESTION: ***How can understanding the group development process make me more effective at school and work?***

8.3 Teams and the Power of Common Purpose

MAJOR QUESTION: ***What are the characteristics of effective team players, team types, and interdependence, and how can these improve my performance in teams?***

8.4 Trust Building and Repair—Essential Tools for Success

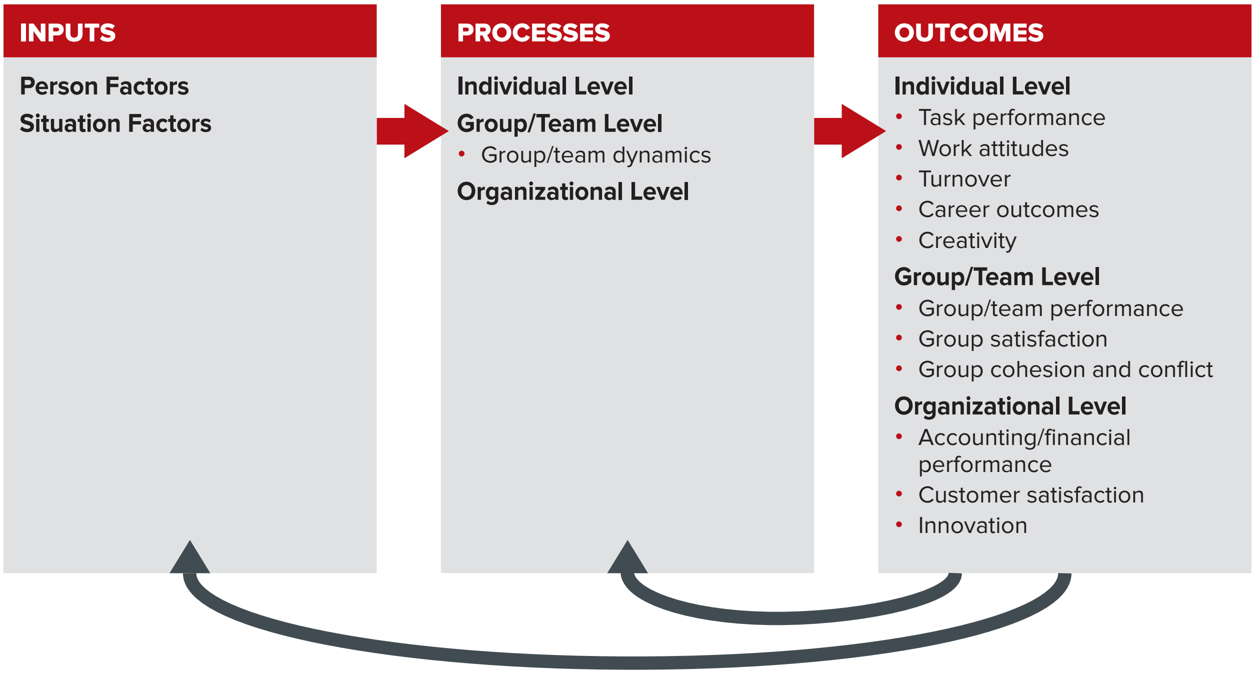
MAJOR QUESTION: ***How can I build and repair trust in ways that make me more effective at school, work, and home?***

8.5 Keys to Team Effectiveness

MAJOR QUESTION: ***What are the keys to effective teams, and how can I apply this knowledge to give me an advantage?***

Figure 8.1 summarizes what you will learn in this chapter. The main focus is on groups and teams and associated processes within the Organizing Framework. You'll see that group and team dynamics affect outcomes across all levels of OB. For instance, groups and teams powerfully affect the individual-level outcomes of their members such as task performance, work attitudes, turnover, flourishing, and creativity. Groups and teams similarly affect their own collective outcomes, such as group/team performance, group satisfaction, and group cohesion and conflict. Finally, because many organizations consist of teams, they also affect organization-level outcomes like financial performance, organizational performance, customer satisfaction, and innovation.

FIGURE 8.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



In addition to being responsible for important outcomes, such as rescuing the injured or even saving their lives, military medical teams illustrate many team concepts covered in this chapter. These medical teams, for instance, serve both organizational and individual functions. They complete complex tasks that individuals alone simply cannot, and they also confirm individual team member's self-esteem and sense of identity. The members of military medical teams fulfill various task and maintenance roles essential to effective team dynamics and functioning, such as information seeker and encourager, respectively. Fundamental to all of this are the teamwork competencies of the team members, such as possessing and applying their relevant knowledge and skills in constructive ways for the benefit of the soldiers they save and the overall team.
SOURCE: Sgt. Daniel Schroeder/U.S. Army

Winning at Work

Using Team Charters to Boost Effectiveness

When working in teams, most students and employees hurry into the task at hand. While this works sometimes, social scientists and OB professionals have identified a better approach. They recommend that individuals in the team create ***team charters*** **that detail members' mutual expectations about how the team will operate, allocate resources, resolve conflict, and meet its commitments.**[1] This process may include identifying member strengths, setting goals, agreeing on processes for communication and decision making, and deciding how to measure and use contributions from members.

In OB concept the situation always matters. The same is true for teams. The implication is that every team is comprised of unique individuals and operates within a particular context. This means that each team will be confronted with its own opportunities and challenges. It is during the team charter process that team members are encouraged to anticipate the opportunities, needs, and challenges of the team. For instance, the team charter process provide the chance to determine and agree upon expectations for the team and its members. Creating charters also is a way to anticipate and then avoid and overcome potential and consequential conflicts.

1. *Mission statement:* Like organization mission statements, team charter mission statements describe why a team exists—its overarching purpose. Be careful not to describe this in terms of a goal, such as get a good grade. Missions focus on and articulate a higher purpose. For example, the American Humane Society's is: "Celebrating animals, confronting cruelty."
2. *Team vision:* Vision statements are forward-looking and describe what the team looks like when functioning at its best. A vision has more detail than a mission statement and describes how its actions and deliverables (products and services) affect specific outcomes and stakeholders, such as other team members, customers, professors, other students and coworkers, and suppliers.
3. *Team identity:* It helps to create a team name and perhaps a logo or to help signify membership. These can serve as important ways for team members to connect to the team and to distinguish the team and its members from other individuals and teams. Think of the names and mascots of sports teams and the functions they serve. It can be helpful to use the same elements in your own teams at school and work. Team rosters including each member's name, email address, phone number, and schedule can make communicating and planning teamwork much more efficient. This task becomes even more useful if each member's team-related strengths and responsibilities are included.
4. *Boundaries:* Boundaries identify the values, such as timely and quality work, to which team members will commit. Many effective teams also describe the legitimate activities of the team, which are details about what the team will and will not do and what members will and will not do in the name of the team. It also is important to agree to and describe the key stakeholders affected by the team's activities. This clarifies who the team does and does not serve.
5. *Operating guidelines:* Describe the team structure and processes, including how leadership and other roles will function, how decisions will be made, how work will be allocated, and how members will communicate with each other and with those outside the team. It also can be very helpful to describe how conflict will be managed, both processes and consequences.
6. *Performance norms and consequences:* Team researchers have shown that effective teams often outline the performance expectations, including: how team and member performance will be assessed; how members are expected to interact with each other; how dysfunctional behaviors will be managed; how team members will be disciplined for not adhering to team norms; the process for terminating a member from the team; expectations for team meetings; expectations for member contributions to team projects; consequences for work that is late or of poor quality; how great for team projects will be allocated to individual team members.[2]
7. *Charter endorsement:* Every team member should sign an endorsement signifying commitment to the elements of the charter.

What's Ahead in This Chapter

We begin Part Two of this book with a discussion of groups and teams. Your performance at work and school improves when you understand the differences between formal and informal groups, because the two have different functions, roles, norms, and dynamics. Next we describe the group and team development process, and then we differentiate groups from teams and explore important team concepts, such as different types of teams and the nature of their interdependence. A number of key team characteristics also are explored, including team competencies and teamwork. The value of trust is covered next, because trust is a critical element for group and team functioning. We close by exploring facilitators for team effectiveness—common purpose, composition, collaboration, and rewards.

8.1 GROUP CHARACTERISTICS

MAJOR QUESTION

How can knowledge of groups and their key characteristics make me more successful?

THE BIGGER PICTURE

Groups can be formal or informal, and they serve multiple functions. As a group member you can play many different roles. Group roles and norms are the means by which expectations are communicated to groups and their members. They are powerful forms of social control that influence group and member behavior. They also influence a number of important outcomes across the levels in the Organizing Framework.

Drawing from the field of sociology, we define a ***group*** **as (1) two or more freely interacting individuals who (2) share norms and (3) goals and (4) have a common identity.** These criteria are illustrated in Figure 8.2. Think of the various groups to which you belong. Does each group satisfy the four criteria in our definition?

A group is different from a crowd or organization. Here is how organizational psychologist E. H. Schein helps make the distinctions clear:

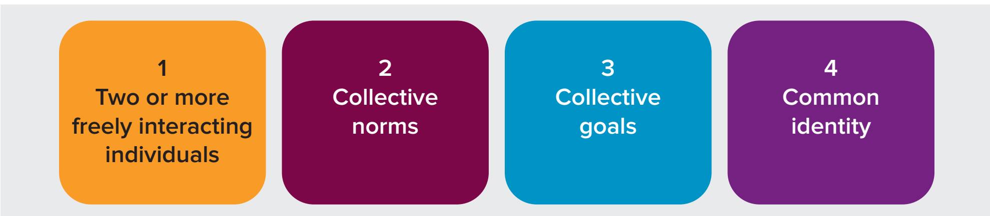
> The size of a group is . . . limited by the possibilities of mutual interaction and mutual awareness. Mere aggregates of people do not fit this definition [of a group] because they do not interact and do not perceive themselves to be a group even if they are aware of each other as, for instance, a *crowd* on a street corner watching some event. A total department, a union, or a whole *organization* would not be a group in spite of thinking of themselves as "we," because they generally do not all interact and are not all aware of each other. However, work teams, committees, subparts of departments, cliques, and various other informal associations among organizational members would fit this definition of a group.[3]

The size of a group is thus limited by the potential for mutual interaction and mutual awareness.[4] People form groups for many reasons. Most fundamental is that groups usually accomplish more than individuals. It seems, for instance, that simply interacting with others improves both individual and team accuracy.

The performance benefits increase further still if the team receives feedback that describes which member's approach is most effective. The rationale is that the team becomes more efficient, focuses on the best approach, and then applies and improves it, which raises performance even more.[5]

How do we differentiate between formal and informal groups?

FIGURE 8.2 FOUR CRITERIA OF A GROUP



Formal and Informal Groups

Individuals join or are assigned to groups for various purposes. **A *formal group* is assigned by an organization or its managers to accomplish specific goals.** Such groups often have labels: work group, team, committee, or task force. **An *informal group* exists when the members' overriding purpose in getting together is friendship or a common interest.**[6] Formal and informal groups often overlap, such as when a team of analysts plays tennis after work.

New Types and Functions of Informal Groups In an era of job hopping, reorganizations, and mass layoffs, friendships forged at work often outlast a particular job or employer. For example, numerous successful companies—McKinsey & Co., Ernst & Young, and SAP—have developed and maintained corporate alumni groups. Instead of parting forever with former employees, organizations are increasingly using them as sources of new business, referrals for new job candidates, and even boomerang talent (former employees who eventually return to the firm).[7]

Functions of Formal Groups Formal groups fulfill two basic functions: *organizational* and *individual* (see Table 8.1). Complex combinations of these functions can be found in formal groups at any given time.

TAKE-AWAY APPLICATION

Understanding Individual and Organizational Functions of Groups

1. Think of a formal group in which you're a member.
2. Describe how being a member of that group fulfills at least three of the five individual functions listed in Table 8.1. Be specific and use concrete examples.
3. Now describe in detail how the team fulfills at least two of the organizational functions.

TABLE 8.1 FORMAL GROUPS FULFILL ORGANIZATIONAL AND INDIVIDUAL FUNCTIONS

Organizational Functions	Individual Functions
1. Accomplish complex, interdependent tasks that are beyond the capabilities of individuals.	1. Satisfy the individual's need for affiliation.
2. Generate new or creative ideas and solutions.	2. Develop, enhance, and confirm the individual's self-esteem and sense of identity.
3. Coordinate interdepartmental efforts.	3. Give individuals an opportunity to test and share their perceptions of social reality.
4. Provide a problem-solving mechanism for complex problems requiring varied information and assessments.	4. Reduce the individual's anxieties and feelings of insecurity and powerlessness.
5. Implement complex decisions.	5. Provide a problem-solving mechanism for personal and interpersonal problems.
6. Socialize and train newcomers.	

SOURCE: Adapted from E. H. Schein, *Organizational Psychology,* 3rd ed. (Englewood Cliffs, NJ: Prentice-Hall, 1980), 149–151.

OB in Action

Baker Donelson Gives It Away to Make a Difference

Law firm Baker Donelson highly values community service and has doubled its number of pro bono hours each year since 2008. The firm's attorneys provided 20,000 hours of free legal assistance (worth over $22.5 million) in 2014 alone.[8] To formalize their commitment to such work, they appointed a pro bono shareholder and created a pro bono committee.[9] Not only does this committee show the firm's alignment of cultural values and norms, but it also illustrates both the organizational and individual functions of formal groups.

Specifically, the committee helps coordinate pro bono work across the many offices and practice areas of the firm (an organizational function). And free services support Baker Donelson's organizational values and goals of being a good citizen in the communities and increasing attorney satisfaction (also organizational functions).

In addition, realizing opportunities to provide legal assistance to people, organizations, and causes that attorneys personally value can fulfill individual functions, such as confirming an attorney's sense of identity as a caring individual, building strong work relationships, and living according to his or her values.

YOUR THOUGHTS?

1. What do you think are the three greatest benefits to the firm of its pro bono work? Try to rank them in value.
2. Its pro bono work costs the firm tens of millions of dollars each year. How could this work lead to more paid business?
3. Most law firms do some amount of pro bono work. Why do you think Baker Donelson chooses to do so much? What difference does it make in terms of the firm's competitiveness?

The pro bono efforts of law firm Baker Donelson, detailed in the OB in Action box, illustrate the individual and organizational functions of formal groups.

Next, let's learn about roles and norms, two of the most powerful influences on individual behavior in groups.

Roles and Norms: The Social Building Blocks of Group and Organizational Behavior

Groups transform individuals into functioning organizational members through subtle yet powerful social forces. These social forces, in effect, turn "I" into "we" and "me" into "us." Group influence weaves individuals into the organization's social fabric by communicating and enforcing both role expectations and norms. That is, group members positively reinforce those who adhere to roles and norms with friendship and acceptance. However, nonconformists experience criticism and even ostracism or rejection by group members. Anyone who has experienced the "silent treatment" from a group of friends knows what a potent social weapon ostracism can be. Let's look at how roles and norms develop and why they are enforced.

What Are Roles and Why Do They Matter? **A *role* is a set of expected behaviors for a particular position,** and **a *group role* is a set of expected behaviors for members of the group as a whole.**[10] Each role you play is defined in part by the expectations of that role. As a student, you are expected to be motivated to learn, conscientious, participative, and attentive. Professors are expected to be knowledgeable, prepared, and genuinely interested in student learning. Sociologists view roles and their associated expectations as a fundamental basis of human interaction and experience.

Two types of roles are particularly important—*task* and *maintenance*. Effective groups ensure that both are being fulfilled (see Table 8.2). ***Task roles* enable the work group to define, clarify, and pursue a common purpose,** and ***maintenance roles* foster supportive and constructive interpersonal relationships.** Task roles keep the

TABLE 8.2 TASK AND MAINTENANCE ROLES

Task Roles	Description
Initiator	Suggests new goals or ideas
Information seeker/giver	Clarifies key issues
Opinion seeker/giver	Clarifies pertinent values
Elaborator	Promotes greater understanding through examples or exploration of implications
Coordinator	Pulls together ideas and suggestions
Orienter	Keeps group headed toward its stated goal(s)
Evaluator	Tests group's accomplishments with various criteria such as logic and practicality
Energizer	Prods group to move along or to accomplish more
Procedural technician	Performs routine duties (handing out materials or rearranging seats)
Recorder	Performs a "group memory" function by documenting discussion and outcomes
Maintenance Roles	**Description**
Encourager	Fosters group solidarity by accepting and praising various points of view
Harmonizer	Mediates conflict through reconciliation or humor
Compromiser	Helps resolve conflict by meeting others halfway
Gatekeeper	Encourages all group members to participate
Standard setter	Evaluates the quality of group processes
Commentator	Records and comments on group processes/dynamics
Follower	Serves as a passive audience

SOURCE: Adapted from discussion in K. D. Benne and P. Sheats, "Functional Roles of Group Members," *Journal of Social Issues,* Spring 1948, 41–49.

TAKE-AWAY APPLICATION

Applying My Knowledge of Task and Maintenance Roles

1. Think of a formal or informal group of which you're a member.
2. Describe the way at least three task roles are fulfilled, using examples of specific people and behaviors.
3. Do the same for at least three maintenance roles.

(Note: If necessary use more than one group to which you belong, but be sure to describe at least three task and three maintenance roles.)

group on *track,* while maintenance roles keep the group *together*. Members can play more than one role at a time, or over time.

A project team member is performing a task function when he or she says at a meeting, "What is the real issue here? We don't we seem to be getting anywhere." Another individual who says, "Let's hear from those who oppose this plan," is performing a maintenance function. The group's leader or any of its members can play any of the task and maintenance roles in combination or in sequence.

The task and maintenance roles listed in Table 8.2 can serve as a handy checklist for managers and group leaders who wish to ensure group development (discussed in the next section of this chapter) and effectiveness (the last section of this chapter).

Leaders can further ensure that roles are being fulfilled by clarifying specifically what is expected of employees in the group. In 2009 Sallie Krawcheck, whom *Fortune* magazine had named one of the most powerful women on Wall Street and in business, took over as president of the Global Wealth and Investment Management group at Bank of America (BoA) and was quick to fulfill both task and maintenance roles.


Sallie Krawcheck is one of the most influential women in business. She made her name on Wall Street but is now on her fourth career, starting a digital investment platform for women called Ellevest.[11] © Brad Barket/Getty Images

At the then-embattled bank, Krawcheck quickly tended to task roles by appointing eight executives to oversee various operations within the group, such as heading the US brokerage force and private wealth management. New goals were set, and she also worked diligently on the maintenance role of integrating the culture of Merrill Lynch, which BoA had just acquired at the height of the financial crisis.[12]

Learn about your own group role preferences by completing Self-Assessment 8.1. This knowledge can help you understand why you might have been more or less satisfied with a particular group or team of which you've been a member. Playing roles that don't match your preferences is likely to be less satisfying. Furthermore, understanding your own preferences can enable you to set yourself up to be happy and productive in future groups, because you can volunteer for or position yourself to play the roles you prefer.

Connect SELF-ASSESSMENT 8.1

Group and Team Role Preference Scale

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 8.1 in Connect.

1. Does your preferred role (the one with the highest score) match your perceptions? Justify your answer using examples of your behavior.
2. Given your preferred role, how can you be most effective in group assignments? What challenges might playing your preferred role cause for you? For your group?
3. Describe how playing your least preferred role (the one with the lowest score) has been problematic for you and one of your teams. Explain two ways you could improve your performance and that of your team by working on this deficiency.

What Are Norms and Why Do They Matter? **"A *norm* is an attitude, opinion, feeling, or action—shared by two or more people—that guides behavior."**[13] Norms help create order and allow groups to function more efficiently because they save groups from having to figure out how to do the same things each time they meet. Norms also help groups move through the development process. Can you imagine having to establish guidelines over and over again?

Norms are more encompassing than roles, which tend to be at the individual level in the Organizing Framework and pertain to a specific job or situation. Norms, in contrast, are shared and apply to the group, team, or organization.

Although norms are typically unwritten and are seldom discussed openly, they have a powerful influence on group and organizational behavior. Like organizational culture, individual and group behavior are guided in part by shared expectations and norms. For example, the 3M Co. has a norm whereby employees devote 15 percent of their time to thinking big, pursuing new ideas, or further developing something spawned from their other work. The "15 percent time" program, as it is called, was started in 1948 and supports the culture of innovation 3M is known for. Google, as well as other tech companies, has implemented a similar program allowing employees to allocate 20 percent of their time to ideas and projects beyond their own jobs. It is rumored, but not confirmed, that among the projects employees developed during this time were Gmail and Google Earth.[14]

Norms serve many purposes and are thus reinforced by the group. Some of these reasons are listed in Table 8.3.

TABLE 8.3 WHY NORMS ARE REINFORCED

Norm	Reason	Example of Reinforcement
"Make our department look good in top management's eyes."	Group/organization survival	A staff specialist vigorously defends the vital role of her department at a divisional meeting and is later complimented by her boss.
"Work hard and don't make waves."	Clarification of behavioral expectations	A senior manager takes a young associate aside and cautions him to be a bit more patient with coworkers who see things differently.
"Be a team player, not a star."	Avoidance of embarrassment	A project team member is ridiculed by her peers for dominating the discussion during a progress report to top management.
"Make customer service our top priority."	Clarification of central values	Two sales representatives are given a surprise Friday afternoon party for winning best-in-the-industry customer service awards from an industry association.

Norms can emerge on their own over time. For instance, think of the group of friends you hung out with on Friday night. What were some of the unspoken norms of behavior? Were these norms the result of discussion and explicit agreement, or did they just happen?

In contrast, norms can also be purposefully created, which is what we advocate. Why leave things to chance, especially at work, when you can directly influence them for the better? The World Health Organization (WHO) sets norms, as described in the Applying OB box. While these recommendations are written, they are not formally required, which would make them actual rules.

Applying OB

Health Norms—The Safe Surgery Checklist

The mission of the World Health Organization (WHO) is to improve health for people around the world. This includes improving surgical outcomes. So WHO created the Safe Surgery Checklist, identifying three stages of surgery and the important tasks associated with each. The aim is to "minimize the most common and avoidable risks endangering the lives and well-being of surgical patients."[15] The checklist recommends that a surgery coordinator (a specific task role) be assigned to ensure that each task is complete before the surgical team moves to the next stage.[16]

Stage 1—(Sign In) Before Administering Anesthesia: Confirm patient identity, site, procedure, and consent; mark the site of the surgery; perform anesthesia safety check; turn pulse oximeter on.

Stage 2—(Time Out) Before Incision: Confirm all team members have introduced themselves by name and role; surgeon, anesthesiologist, and nurse confirm patient, procedure, and site; surgeon reviews critical steps and potential challenges; anesthesiologist checks for potential problems; nursing team reviews that all equipment and personnel are in place. Confirm appropriate medications have been administered.

Stage 3—(Sign Out) Before Patient Leaves Operating Room: Nurse verbally confirms with the team—name of procedure has been recorded; instrument, sponge, and needle counts are correct; specimen is labeled and includes patient's name; surgeon, anesthesiologist, and nurse review post-op concerns, medications, and pain management.

Finally, another way to think about roles and norms is as peer pressure. Peer pressure is about expectations, and we all know how effective or problematic expectations can be. But at its root, peer pressure is simply the influence of the group on the individual, and the expectations of associated roles and norms are the means of this influence.

8.2 THE GROUP DEVELOPMENT PROCESS

MAJOR QUESTION

How can understanding the group development process make me more effective at school and work?

THE BIGGER PICTURE

You'll find working in groups and teams much easier when you recognize that they often follow a development process. One such process has five stages, and the other is called punctuated equilibrium. We explore both and help you understand the problems and benefits common to groups and teams as they evolve. Your application of this knowledge will enable you to more effectively manage individual- and group-level outcomes in the Organizing Framework and perform more successfully in work and school groups.

At work and school, groups and teams go through a development process. Sometimes this development is like the life cycle of products in marketing or like human development in biology. That is, it consists of stages of a specific number, sequence, length, and nature.[17] Other kinds of groups form, progress in a stable manner for a while, but then respond to an event by radically changing their approach. We'll discuss models of both development processes in this chapter, beginning with the most popular—Tuckman's five-stage model (see Figure 8.3).[18]

Tuckman's Five-Stage Model of Group Development

Tuckman's five-stage model of group development—forming, storming, norming, performing, adjourning—has great practical appeal because it is easy to remember and apply. Notice in the top part of Figure 8.3 how individuals give up an increasing amount of their independence as a group develops. The lower box of the figure also describes some of the issues faced by individual members and the larger group as it develops.

TAKE-AWAY APPLICATION

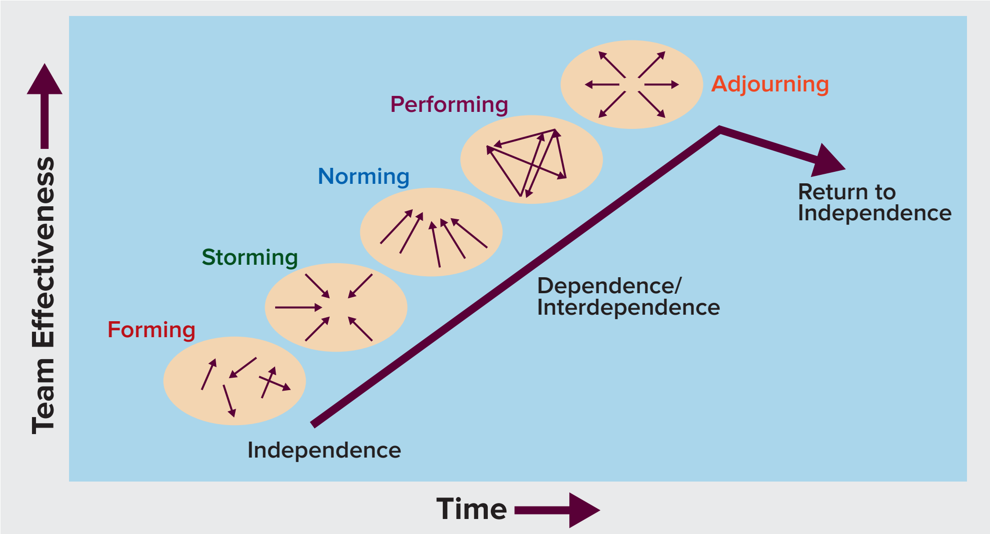
Applying My Knowledge of Group Development

Use the information in Figure 8.3 to understand and explain your experiences of group development.

1. Think of a group to which you belong, such as a work group, athletic team, fraternity/sorority, or class project team.
2. Identify the stage of development that group is in today.
3. Compare the individual and group issues described in Figure 8.3 to what you and the group you identified in No. 1 are actually experiencing.
4. Repeat this application for a group that no longer exists—a disbanded project team from work or a project team from last term are good choices. Then try to trace any issues back to the various stages of development in the model.

The five stages are not necessarily of the same duration or intensity. For instance, the storming stage may be practically nonexistent or painfully long, depending on the goal clarity, commitment, and maturity of the members.

FIGURE 8.3 TUCKMAN'S FIVE-STAGE MODEL OF GROUP DEVELOPMENT



Individual issues	"How do I fit in?"	"What's my role here?"	"What do the others expect me to do?"	"How can I best perform my role?"	"What's next?"
Group Issues	"Why are we here?"	"Why are we fighting over who is in charge and who does what?"	"Can we agree on roles and work as a team?"	"Can we do the job properly?"	"Can we help members transition out?"

Stage 1: Forming During the ice-breaking forming stage, group members tend to be uncertain and anxious about such unknowns as their roles, the people in charge, and the group's goals. Mutual trust is low, and there is a good deal of holding back to see who takes charge and how.

Some research shows that conflict among group members is actually beneficial during this stage. For instance, early conflict in product development teams can boost creativity.[19] However, the results can also be quite different. For example, in the life-and-death situations sometimes faced by surgical teams and airline cockpit crews, the uncertainty inherent in the early stages of development (forming and storming) can be dangerous.

Stage 2: Storming The storming stage is a time of testing. Individuals test the leader's policies and assumptions as they try to decide how they fit into the power structure. Subgroups may form and resist the current direction of a leader or another subgroup. In fact, some management experts say the reason many new CEOs don't survive is that they never get beyond the storming stage. For instance, Ron Johnson joined JCPenney after leaving Apple, and he never convinced employees and top managers to accept his radical rebranding of the aging retailer. As CEO he fired thousands of employees, and much of the old guard, but many of those who remained resisted his plan, as did the board of directors.[20] Marissa Mayer has had a similar experience at Yahoo. She took the helm of a struggling company, changed strategies, fired thousands, and never really gained support from important stakeholders, such as investors, industry partners, and the remaining employees.[21] Many groups stall in Stage 2 because of the way the use of power and politics can erupt into open rebellion.

Stage 3: Norming Groups that make it through Stage 2 generally do so because a respected member, other than the leader, challenges the group to resolve its power struggles so work can be accomplished. Questions about authority and power are best resolved through unemotional, matter-of-fact group discussion. A feeling of team spirit is sometimes experienced during this stage because members believe they have found their proper roles. ***Group cohesiveness,*** **defined as the "we feeling" that binds members of a group together, is the principal by-product of Stage 3.**[22]

Stage 4: Performing Activity during this vital stage is focused on solving task problems, as contributors get their work done without hampering others. This stage is often characterized by a climate of open communication, strong cooperation, and lots of helping behavior. Conflicts and job boundary disputes are handled constructively and efficiently. Cohesiveness and personal commitment to group goals help the group achieve more than could any one individual acting alone.

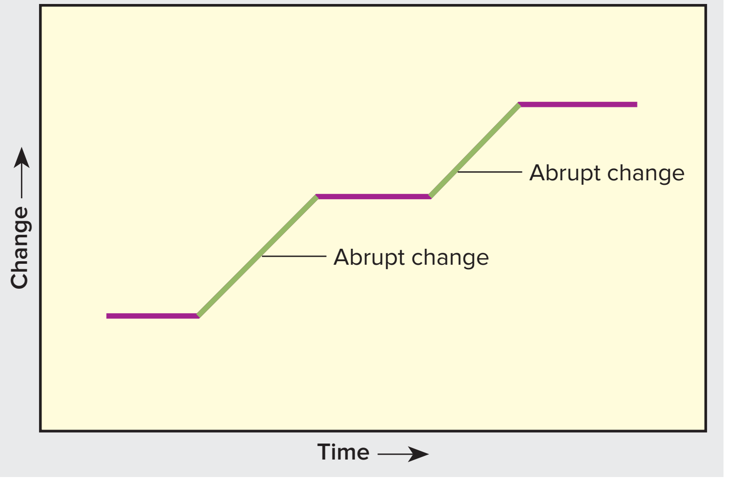
Stage 5: Adjourning The group's work is done; it is time to move on to other things. The return to independence can be eased by rituals such as parties and award ceremonies celebrating the end and new beginnings. During the adjourning stage, leaders need to emphasize valuable lessons learned.

Target CEO Brian Cornell made dramatic changes to the executive suite when he took the helm. In the midst of struggling performance he removed the chief stores officer and head merchant. He then hired a new chief information officer and made the former CFO the chief operations officer. These staffing moves were intended not only to provide new leadership, but also to align the senior leadership team and boost its performance. Another way to look at this is that perhaps the previous team had "normed" but just wasn't performing. So Cornell started over with a largely new group. © Andrew Burton/Getty Images

Punctuated Equilibrium

In contrast to the discrete stages of Tuckman's model, some groups follow a form of development called ***punctuated equilibrium.*** **Groups establish periods of stable functioning until an event causes a dramatic change in norms, roles, and/or objectives. The group then establishes and maintains new norms of functioning, returning to equilibrium** (see Figure 8.4). Extreme examples of punctuated equilibrium often occur because of disruptive technologies, such as Apple's introduction of iTunes. This innovation caused all players in the music industry to radically change their approaches from digital to streaming and from purchasing entire albums to buying individual songs and subscriptions. Walmart's low-price approach to big-box retailing also revolutionized an industry. In such scenarios companies and teams that can adapt will realize tremendous new opportunities, but those that don't often find themselves obsolete and go out of business. This phenomenon plays out at all levels of OB. Many individual's careers have been ignited due to punctuated equilibrium. This means that punctuated equilibrium at the organizational level drives significant change, development, and opportunity at the group and individual levels too. Apply your new knowledge of OB to be sure your career is one of them.

FIGURE 8.4 PUNCTUATED EQUILIBRIUM



8.3 TEAMS AND THE POWER OF COMMON PURPOSE

MAJOR QUESTION

What are the characteristics of effective team players, team types, and interdependence, and how can these improve my performance in teams?

THE BIGGER PICTURE

When you better understand the difference between groups and teams, you'll be well equipped to perform better in both. You'll find practical tips in our discussion of critical teamwork competencies, along with a description of various types of teams. This section concludes with a discussion of team interdependence, a characteristic that is fundamental to the functioning of teams.

A *team* is a small number of people who are committed to a common purpose, performance goals, and approach for which they hold themselves collectively accountable. Besides being a central component of the Organizing Framework, teams are a cornerstone of work life. General Electric CEO Jeffrey Immelt offers this blunt overview:

> You lead today by building teams and placing others first. It's not about you.[23]

This means practically all employees need to develop their skills related to being good team players and building effective teams. It also means that in today's team-focused work environment, organizations need leaders who are adept at teamwork themselves and can cultivate the level of trust necessary to foster constructive teamwork. Employees reported that the three traits of their most admired bosses were trust in employees, honesty/authenticity, and great team-building skills.[24] To help you be more effective in the team context, let's begin by differentiating groups and teams.

A Team Is More than Just a Group

Management consultants at McKinsey & Co. say it is a mistake to use the terms *group* and *team* interchangeably. After studying many different kinds of teams—from athletic to corporate to military—they concluded that successful teams tend to take on a life of their own. A group becomes a team when it meets the criteria in Table 8.4.

Bob Lane, the former CEO of Deere & Co., emphasized the purpose and effectiveness of teams when he talked about his company being a team, not a family. A reporter

TABLE 8.4 CHARACTERISTICS OF TEAMS

A Group Becomes a Team When . . .
Leadership becomes a shared activity.
Accountability shifts from strictly individual to both individual and collective.
The group develops its own *purpose* or mission.
Problem solving becomes a way of life, not a part-time activity.
Effectiveness is measured by the group's collective outcomes and products.

SOURCE: R. Rico, M. Sánchez-Manzanares, F. Gil, and C. Gibson, "Team Implicit Coordination Processes: A Team Knowledge-Based Approach," *Academy of Management Review,* January 2008, 163–184.

summarized his words this way: "While family members who don't pull their weight may not be welcome at the Thanksgiving dinner table, they remain members of the family. But if you're not pulling your weight here, I'm sorry, you're not part of the team."[25] Lane clearly has strong views on the difference between groups and teams.

Despite the differences, both groups and teams can perform at a high level. Think of your experiences. As you know, well-functioning groups or teams can be incredibly effective in achieving goals and quite fulfilling for members. You may also know that when not working well they can be a tremendous waste of time. Some experts describe team effectiveness in terms of maturity.

Mature groups are more effective. Completing Self-Assessment 8.2 will help you better understand the maturity level of a current or past team of which you're a member.

connect SELF-ASSESSMENT 8.2

Is This a Mature Work Group or a Team?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 8.2 in Connect.

1. Does your evaluation help explain why the group or team was successful or not? Explain.
2. Was (or is) there anything you could have done (or can do) to increase the maturity of this group? Explain.
3. How will this evaluation help you be a more effective group member or leader in the future?

The following OB in Action box describes how important building an effective team is to leading Internet entrepreneur Kevin Ryan. Ryan clearly acknowledges that teams take time to develop. But he also is clear that he expects managers to control the process.

OB in Action

Team Building Is an Important Part of Talent Management[26]

Kevin Ryan knows a bit about building successful teams. He's done it at a number of companies, such as DoubleClick, Gilt Groupe, Business Insider, Zola, and most recently Kontor. His leadership style emphasizes talent management, which he sees as the No. 1 responsibility of CEOs, and rigorous performance management. Both converge in his expectations of managers' ability to build effective teams. These views are illustrated in his description of a conversation with a new manager.

Clear Expectations "Five months from now, you need to have a great team. Earlier would be better, but five months is the goal. To do that, you'll need to spend the next month evaluating the people you have right now. I hope they're good. But if they're not, we'll make changes to replace them. If

© Michael Nagle/Getty Images

you need to promote people internally, we'll do that. If you need to go outside, we'll do that. You also need to make sure you retain your best people. I'm going to be really disturbed if I see that people we wanted to keep have started leaving your area."

Consequences Sadly, the manager in this case didn't build a strong team. At four months, two key positions were still open and two key individuals had left. Ryan then asked, "Tell us what we can do to help. . . . If you need us to double your recruiting resources, we'll do that." At six months the situation had not improved. Ryan then said, "We're done."

YOUR THOUGHTS?

1. What are the benefits to Kevin Ryan's approach to team building?
2. What are the potential shortcomings?
3. Explain why you would or would not want to be a manager for Kevin Ryan.

Being a Team Player Instead of a Free Rider

Teams collaborate and perform most effectively when companies develop and encourage teamwork competencies. Fair enough, but if these competencies are important, how can you measure them? Researchers have distilled five common teamwork competencies outlined in Table 8.5. The examples listed for each suggest ways they can be measured.

Notice that all these competencies are action-oriented. This means being a team player is more than a state of mind: It's about action!

Evaluating Teamwork Competencies There are at least two ways to use Table 8.5 and your knowledge of teamwork competencies. The first is as tools to enhance your self-awareness. The second is as a means to measure your performance and that of other members of your team. Self-Assessment 8.3 can be useful for both.

TABLE 8.5 COMMON TEAMWORK COMPETENCIES

Competency	Examples of Member Behaviors
1. Contributes to the team's work	• Completed work in a timely manner • Came to meetings prepared • Did complete and accurate work
2. Constructively interacts with team members	• Communicated effectively • Listened to teammates • Accepted feedback
3. Keeps team on track	• Helped team plan and organize work • Stayed aware of team members' progress • Provided constructive feedback
4. Expects high-quality work	• Expected team to succeed • Cared that the team produced high-quality work
5. Possesses relevant knowledge, skills, and abilities (KSAs) for team's responsibilities	• Possessed necessary KSAs to contribute meaningfully to the team • Applied knowledge and skill to fill in as needed for other members' roles

Many of your business courses require team assignments and some require peer evaluations. Complete Self-Assessment 8.3 to learn about your own teamwork competencies and/or to evaluate the performance of the members of one of your teams at school (for a class, sport, club, or fraternity/sorority). Knowledge of your teamwork competencies can help you determine which competencies are your strongest and those that are opportunities for improvement. You can then choose to play to your strengths and/or develop your deficiencies.

connect SELF-ASSESSMENT 8.3

Evaluate Your Team Member Effectiveness

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 8.3 in Connect.

1. Which competencies are your strongest (have the highest average scores)?
2. Do these scores match your own impressions of your teamwork competencies?
3. Which competency is your lowest? Describe two things you can do to further develop and display this competency.
4. Which competency do you feel low performers most often lack in the teams of which you're a member?
5. Describe the pros and cons of using this tool to do peer evaluations for team assignments in school.

Adapted from M. W. Ohland, M. L. Loughry, D. J. Woehr, L. G. Bullard, R. M. Felder, C. J. Finelli, R. A. Layton, H. R. Pomeranz, and D. G. Schmucker, "The Comprehensive Assessment of Team Member Effectiveness: Development of a Behaviorally Anchored Rating Scale for Self- and Peer Evaluation," *Academy of Management Learning & Education,* 2012, 609–30. Reprinted with permission of Academy of Management.

What Does It Mean to Be a Team Player? Understanding and exhibiting the competencies noted in Table 8.5 is an excellent start on becoming a team player. And while everybody has her or his own ideas of the characteristics that are most important, most people likely include the three Cs of team players:

Committed

Collaborative

Competent[27]

Think of it this way: The three Cs are the "cover charge" or the bare minimum to be considered a team player. Effective team players don't just *feel* the three Cs—they *display* them. Think of somebody on one of your teams who clearly displays the three Cs and somebody who does not. How do the differences affect you? The team?

While there are many potential reasons some people are not team players, a particularly common and problematic one is *social loafing*. Let's see what that means.

What Is Social Loafing? ***Social loafing*** **is the tendency for individual effort to decline as group size increases.** To illustrate the point, consider a group or team of which you're a member and ask yourself: "Is group performance less than, equal to, or greater than the sum of its parts?" Can three people working together, for example, accomplish less than, the same as, or more than they would working separately? A study conducted more than a half-century ago found the answer to be less than. In a tug-of-war exercise, three people pulling together achieved only two-and-a-half times the average individual rate. Eight pullers achieved less than four times the individual rate.[28]

Social loafing is problematic because it typically consists of more than simply slacking off. Free riders (loafers) not only produce low-quality work, which causes others to work harder to compensate, but they often also distract or disrupt the work of other team members. And they often expect the same rewards as those who do their work. You undoubtedly have many examples from your own experiences. Given social loafing is so common and problematic, let's look at how to guard against it.

1. Limit group size.
2. Ensure equity of effort to reduce the possibility that a member can say, "Everyone else is goofing off, so why shouldn't I?"
3. Hold people accountable. Don't allow members to feel they are lost in the crowd and can think, "Who cares?"

TAKE-AWAY APPLICATION

Guarding against Social Loafing

1. Think of a group or team situation in which one of the members was loafing.
2. Given what you just learned, what do you think was the cause of the free riding or loafing?
3. Describe in detail two things you could have done to prevent loafing from happening.
4. Describe what you can do in a future group assignment in school to avoid or reduce social loafing. Be specific.

Now let's discuss various types of teams. Understanding the differences can make you a more effective team member and leader.

Types of Teams

As the world of work becomes more complex, so too do the types of teams. We can differentiate some common ones by particular characteristics, such as:

1. Purpose of the team.
2. Duration of the team's existence.
3. Level of member commitment.

Work Teams Work teams have a well-defined and common purpose, are more or less permanent, and require complete commitment of their members. Professional sports teams' top priority is to win games, which they hope will also lead to higher ticket sales and more television viewers. The same teams exist from season to season, and membership is a full-time, all-consuming job for each player. An audit team at work is the same: It is full of auditors who work full time auditing.

Project Teams Project teams are assembled to tackle a particular problem, task, or project. Depending on their purpose, their duration can vary immensely, from one meeting to many years. For instance, your employer may assemble a team to brainstorm ideas for generating more business with a certain customer. This project team may be limited to only one meeting, whether virtual or face-to-face. Or a project team may be responsible not only for creating ideas for more business with that customer, but also for executing the ideas over the course of one or more years.

Members of project teams most often divide their time between the team and their primary jobs and responsibilities. They may be from the same department, product, customer, or service area in an organization, or they may be from different functional disciplines such as finance, operations, or marketing. And as you may have already experienced, any given employee may be a member of multiple project teams at one time.

Cross-Functional Teams ***Cross-functional*** **teams are created with members from different disciplines within an organization, such as finance, operations, and R&D.** Cross-functional teams can be used for any purpose, they can be work or project teams, and they may have a short or indefinite duration. New-product development is an area in which many organizations utilize cross-functional teams. Brian Walker, CEO of furniture maker Herman Miller, described how the company uses cross-functional teams to leverage the talents of employees in product development and boost company performance:

> We're big believers in putting teams together . . . we're very willing to move folks around between departments. In our design process, for example, we deliberately create tension by putting together a cross-functional team that includes people from manufacturing, finance, research, ergonomics, marketing and sales. The manufacturing guys want something they know they can make easily and fits their processes. The salespeople want what their customers have been asking for. The tension comes from finding the right balance, being willing to follow those creative leaps to the new place, and convincing the organization it's worth the risk.[29]

Self-Managed Teams ***Self-managed teams*** **are groups of workers who have administrative oversight over their work domains.** Administrative oversight consists of activities such as planning, scheduling, monitoring, and staffing. These are normally performed by managers, but in self-managed teams employees act as their own supervisors. Self-managed teams have a defined purpose and their duration can vary, along with the level of member commitment. Cross-functional, work, and project teams can all be self-managed.

Leadership responsibilities often are shared and shift as the demands on and members of self-managed teams change.[30] Outside managers and leaders maintain *indirect* accountability. This contrasts with the hierarchical or centralized types of management historically found in teams. The vast majority of major US companies use self-managed teams.[31] The OB in Action box describes some potential benefits of self-managed teams.

OB in Action

The Art of the Self-Managing Team[32]

Many argue, and some convincingly, that great teams don't last. Many disassemble because their members move on to other opportunities. One implication of this fact is that organizations and their leaders obsess too much over choosing the best members—chances are they will leave. However, companies W.L. Gore, Worthington Industries, Semco, and Morning Star provide insights into how to overcome this common hurdle and continually create top-performing self-managed teams.

The Opposite of Chaos Some managers fear teams that are not under direct managerial control. But effective self-managed teams are not free-wheeling, undisciplined, or chaotic. They instead are focused and more effective than many conventional teams over time. Company founder Bill Gore says, "At Gore we don't manage people. . . . We expect people to manage themselves."[33]

Self-managed teams at these companies share three characteristics:

1. **Competence Rules the Day.** Most employees and team members do not have job titles. However, that does not mean a lack of leadership. Everybody knows who the leaders are, and they typically are those who have "served their colleagues best, have offered the most useful ideas, and have worked the

hardest and most effectively for the team's success. At W.L. Gore, they say you find out if you're a leader by calling a meeting and seeing if anyone comes." Even assigned or explicit leaders are "transparently competence-based."[34] A strict hierarchy is followed by most emergency room teams—attending physicians, fellows, and finally residents.

2. **Clear Goals and Expectations.** Most organizations do goal setting poorly, and even those that do it well can do it better. That said, each employee at Morning Star, a tomato processor, creates a "letter of understanding" with colleagues who are most affected by his or her work. This letter explains in great detail what each person can expect of the other. It not only clarifies goals and expectations, but it also boosts goal commitment.
3. **Shared Values.** Effective self-managed teams are clear about what they value. Surgical teams are keenly focused on patient safety and good medical outcomes. This focus is shared by everyone on the team despite the fact that members routinely come and go.

YOUR THOUGHTS?

1. These organizations make self-managed teams look simple and effective. If this is true, why do you think more organizations don't use them?
2. Assume you're a founder and CEO of a company. Argue both for and against using self-managed teams in your organization.

Self-managed does not mean workers are simply turned loose to do their own thing. Indeed, an organization embracing self-managed teams should be prepared to undergo revolutionary changes in its management philosophy, structure, staffing and training practices, and reward systems. Managers sometimes resist self-managed teams, due to the perceived threat to their authority and job security.

Now that you've learned about some common team types and their characteristics, we turn our attention to virtual teams. Virtual teams are a common and critically important type of team with unique characteristics.

Virtual Teams

***Virtual teams* work together over time and distance via electronic media to combine effort and achieve common goals.**[35] Traditional team meetings are location-specific. You and other team members are either physically present or absent. Members of virtual teams, in contrast, report in from different locations, different organizations, and often different time zones and countries.

Advocates say virtual teams are very flexible and efficient because they are driven by information and skills, not by time and location. People with needed information and/or skills can be team members, regardless of where or when they actually do their work.[36] Nevertheless, virtual teams have pros and cons like every other type of team.

Technology not only allows people to communicate where, when, and with whom they wish, but it also allows many people and organizations to work without offices. What are the advantages and disadvantages for you personally of telecommuting and virtual work?

© Image Source/Getty Images RF

Best Uses of Virtual Teams Virtual teams and distributed workers present many potential benefits: reduced real estate costs (limited or no office space); ability to leverage diverse knowledge, skills, and experience across geography and time (you don't have to have an SAP expert in every office); ability to share knowledge of diverse markets; and reduced commuting and travel expenses. The flexibility often afforded by virtual teams also can reduce work–life conflicts for employees, which some employers contend makes it easier for them to attract and retain talent.[37]

Obstacles for Virtual Teams Virtual teams have challenges, too. It is more difficult for them than for face-to-face teams to establish team cohesion, work satisfaction, trust, cooperative behavior, and commitment to team goals.[38] Many of these are important elements in the Organizing Framework. So virtual teams should be used with caution. It should be no surprise that building team relationships is more difficult when members are geographically distributed. This hurdle and time zone differences are challenges reported by nearly 50 percent of companies using virtual teams. Members of virtual teams also reported being unable to observe the nonverbal cues of other members and a lack of collegiality.[39] These challenges apply to virtual teams more generally, as does the difficulty of leading such teams.[40] When virtual teams cross country borders, cultural differences, holidays, and local laws and customs also can cause problems.

Effective Virtual Team Participation and Management We put together a collection of best practices to help focus your efforts and accelerate your success as a member or leader of a virtual team:[41]

1. **Adapt your communications.** Learn how the various remote workers function, including their preferences for e-mail, texts, and phone calls. It often is advisable to have regularly scheduled calls (via Skype). Be strategic and talk to the right people at the right times about the right topics. Don't just blanket everybody via e-mail—focus your message. Accommodate the different time zones in a fair and consistent manner.
2. **Share the love.** Use your company's intranet or other technology to keep distributed workers in the loop. Acknowledging birthdays and recognizing accomplishments are especially important for those who are not regularly in the office. Newsletters also can help and serve as a touch point and vehicle for communicating best practices and success stories.
3. **Develop productive relationships with key people on the team.** This may require extra attention, communication, and travel, but do what it takes. Key people are the ones you can lean on and the ones who will make or break the team assignment.
4. **Be a good partner.** Often members of virtual teams are not direct employees of your employer but are independent contractors. Nevertheless, your success and that of your team depend on them. *Treat them like true partners and not hired help*. You need them and presumably they need you.
5. **Be available.** Managers and remote workers all need to know when people can be reached, where, and how. Let people know and make yourself available.
6. **Document the work.** Because of different time zones, some projects can receive attention around the clock, as they are handed off from one zone to the next. Doing this effectively requires that both senders and receivers clearly specify what they have completed and what they need in each transfer.
7. **Provide updates.** Even if you are not the boss, or your boss doesn't ask for them, be sure to provide regular updates on your progress to the necessary team members.[42]
8. **Select the right people.** Effective virtual workers generally prefer and do well in interdependent work relationships. They also tend to be self starters and willing to

take initiative. Such independent thought contrasts starkly with people who prefer to wait for instructions before taking action.[43]

9. **Use your communication skills.** Because so much communication is written, virtual team members must have excellent communication skills and write well in easy-to-understand and to-the-point language.

Face Time Researchers and consultants agree about one aspect of virtual teams—*there is no substitute for face-to-face contact*. Meeting in person is especially beneficial early in virtual team development, and team leaders are encouraged to meet even more frequently with key members.[44] Face-to-face interactions can be as simple as lunch, water-cooler conversations, social events, or periodic meetings. Whatever the case, such interactions enable people to get familiar with each other and build credibility, trust, and understanding. This reduces misunderstandings and makes subsequent virtual interactions more efficient and effective, and it also increases job performance and reduces conflict and intentions to quit.[45]

Face-to-face interactions enable people to get real-time feedback, forge meaningful and real connections, and get a better sense of what others actually think and feel.[46] Moreover, virtual teams cannot succeed without additional and old-fashioned factors, such as effective decision making, good communication, training, a clear mission and specific objectives, effective leadership, schedules, and deadlines.[47] Underlying many of these is one of the truly essential elements to effective teams of all types—trust. You'll learn more about this in the next section. But first let's explore interdependence.

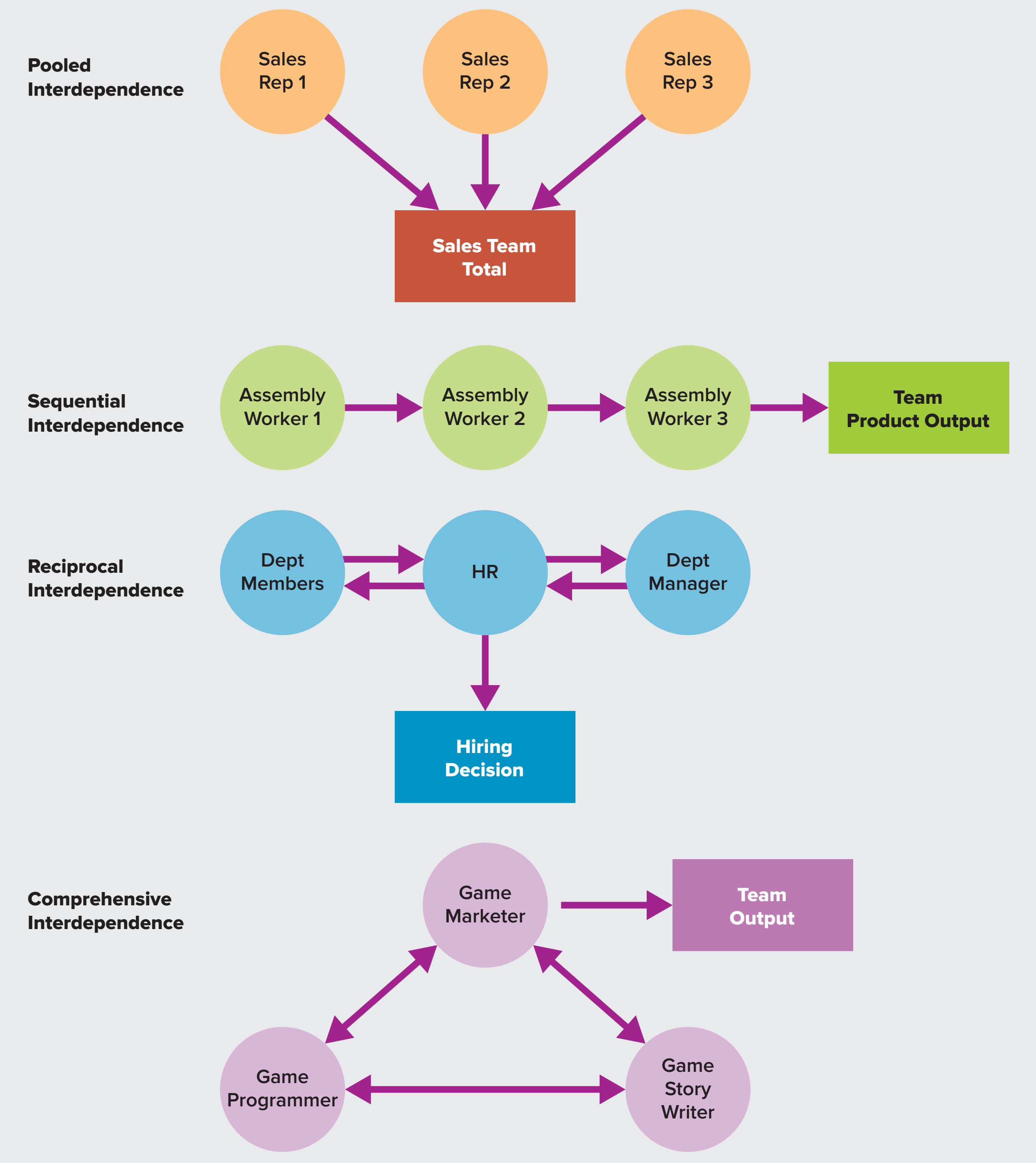
Team Interdependence

One of the most important aspects of teams is *interdependence,* or the extent to which members are dependent on each other to accomplish their work.[48] We discuss two common forms of interdependence—task and outcome. ***Task interdependence*** **is the degree to which team members depend on each other for information, materials, and other resources to complete their job tasks.** The degree of task interdependence is determined by the degree of interaction between members and the amount of coordination required among them. There are four basic types of task interdependence, ranked by how much team member interaction and coordination are required. The types are illustrated in Figure 8.5.

1. Pooled. Many pharmaceutical and other sales teams illustrate pooled interdependence. Each member sells a chosen drug to his or her customers, which requires little or no interaction or coordination with other representatives. At the end of the month all reps' sales are added together to arrive at a team sales total.
2. Sequential. Manufacturing or assembly processes are typically sequential. PCs manufacturing teams, for example, require that motherboards and hard drives be installed before the box can be closed and fastened.
3. Reciprocal. Hiring processes sometimes use reciprocal interdependence. Candidates are interviewed by members of HR and then separately interviewed by the hiring manager or members of that department, and the two communicate and decide to whom to make the offer.
4. Comprehensive. Product development teams often utilize comprehensive interdependence. Online games, for instance, require significant back and forth between those who create the idea, write the code, test, and market the game. It isn't just a linear or sequential process.

Outcome interdependence **is "the degree to which the outcomes of task work are measured, rewarded, and communicated at the group level so as to emphasize collective outputs rather than individual contributions."**[49] Outcome

FIGURE 8.5 TYPES OF TEAM INTERDEPENDENCE



interdependence is determined by the extent to which team members' objectives and rewards are aligned.

Task interdependence provides opportunities for interaction, sharing, and coordination.[50] The form of interdependence should match what the team requires to achieve its goals. A common mission or purpose helps a team and its members see how their own efforts and outcomes contribute to the larger department or organization.[51] And rewarding teamwork is likely to further enhance actual teamwork and team performance.

8.4 TRUST BUILDING AND REPAIR—ESSENTIAL TOOLS FOR SUCCESS

MAJOR QUESTION

How can I build and repair trust in ways that make me more effective at school, work, and home?

THE BIGGER PICTURE

Trust sometimes seems like a rare commodity in today's turbulent workplace. But you're about to see why it's so important at all levels of the Organizing Framework. Moreover, in the context of teams, trust is essential because it facilitates all interactions within and between teams. With this understanding you'll be empowered to apply your knowledge to build trust and to repair it when it has been damaged or diminished.

Trust **is the willingness to be vulnerable to another person, and the belief that the other person will consider the impact of how his or her intentions and behaviors will affect you.**[52] We can hardly overstate the value of trust in organizational life. Only respectful treatment was rated higher as a predictor of employee job satisfaction,[53] and many would see trust and respect as highly correlated.

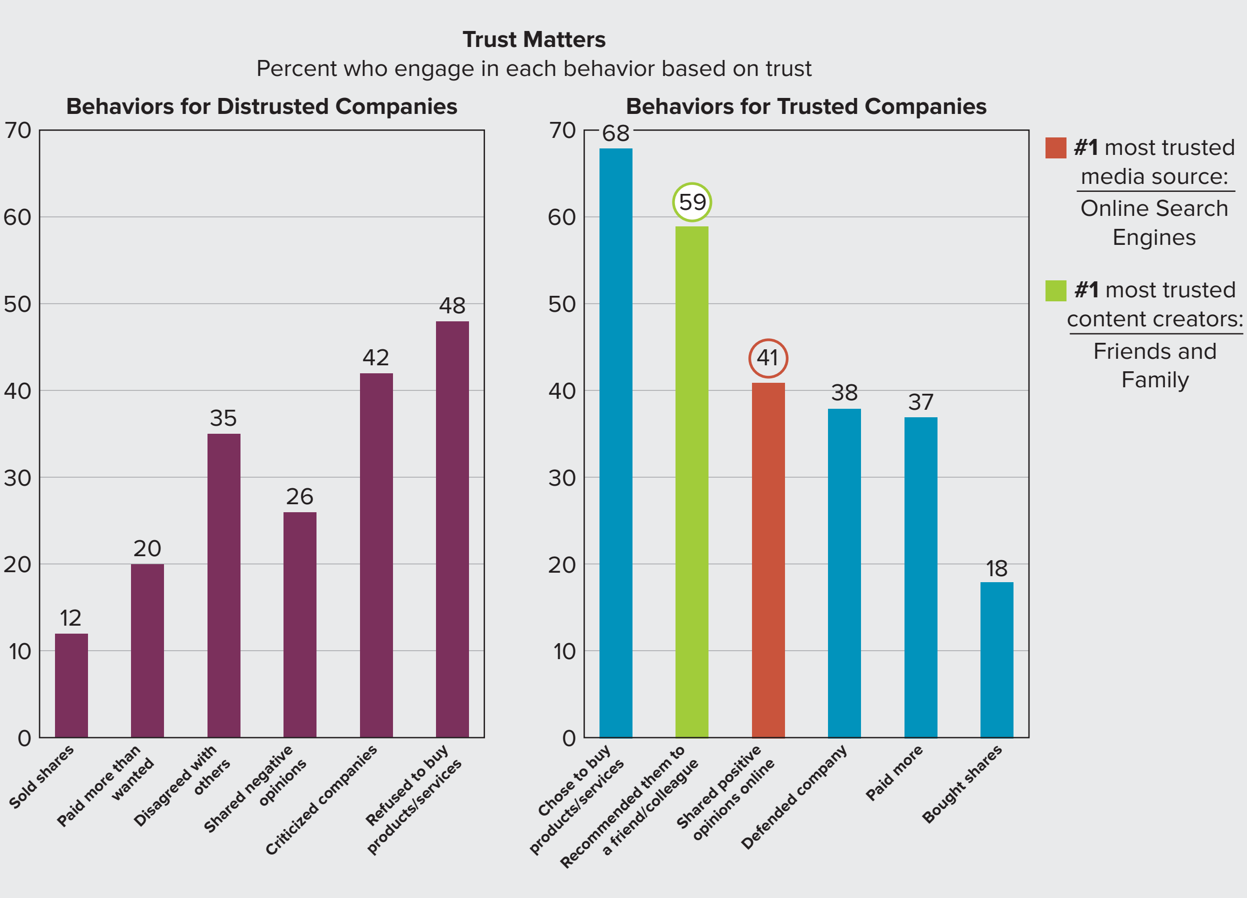
Trust is the lubricant of interpersonal relationships within and between all organizational levels in the Organizing Framework, and thus it also drives performance across levels (see Figure 8.6). Lack of trust, for example, is a key factor in employee turnover. One study found that 59 percent of employees quit their jobs due to trust issues, which were linked to a lack of leader communication and honesty.[54] Trust within groups of hospitality employees was also associated with increased motivation and performance.[55]

Arthur Gensler, founder of a leading global architecture and design firm, said this about trust:

> Trust in business enjoys two main benefits. The first is with your clients. If they know you are honest and direct with them, they usually are willing to work through challenges with you, and they won't hesitate to be a referral source when things go well. The second benefit is that authentic collaboration will take root within your firm. Your people can trust each other to act honorably and to fulfill their defined roles on a project assignment or company initiative according to shared company values.[56]

Yet these have not been good times for trust in the business world. As Richard Edelman, whose company produces the famous Trust Barometer each year, said, the sad state of trust "is directly linked to the failure of key institutions to provide answers or leadership in response to events such as the refugee crisis, data breaches, China's stock market downturn, Ebola in west Africa, the invasion of Ukraine, the FIFA bribery

FIGURE 8.6 PERCENT OF PEOPLE WHO ENGAGE IN EACH BEHAVIOR BASED ON TRUST



SOURCE: 2016 Edelman Trust Barometer Global Report, *Edelman.com,* January 17, 2016, http://www.edelman.com/news/2016-edelman-trust-barometer-release/.

scandal, VW's manipulation of emissions data, massive corruption at Petrobras, and exchange-rate manipulation by the world's largest banks."[57]

Given this grim commentary, and because trust is so important, we will explore ways in which to build trust and to repair it when it has been damaged. But let's first learn about different forms of trust.

Three Forms of Trust

For our purposes in OB, we discuss three particular forms of trust:

1. *Contractual trust.* Trust of character. Do people do what they say they are going to do? Do managers and employees make clear what they expect of one another?
2. *Communication trust.* Trust of disclosure. How well do people share information and tell the truth?
3. *Competence trust.* Trust of capability. How effectively do people meet or perform their responsibilities and acknowledge other people's skills and abilities?[58]

Answering these questions provides both a good assessment of trustworthiness and a guide for building trust.

TAKE-AWAY APPLICATION

Applying My Knowledge of Trust

1. Describe a person with whom you have a high level of contractual trust, then a person with whom you have a low level. What are the implications for your relationship with each?
2. Think of an instance when you demonstrated communication trust by making an admission that was difficult, perhaps even costly for you, but you did it anyway. Now think of a time when somebody violated this type of trust with you. What were your reactions in each case?
3. Describe an instance when competence trust was violated, by you or somebody else. What was the result? (Hint: Group assignments in school often provide examples.)

Building Trust

You may already believe that to get trust you must give trust. The practical application of this view, and of new knowledge we've gained about trust, is to act in ways that demonstrate each of the three types of trust. Doing so builds trust. You can also benefit by practicing the following behaviors for building and maintaining trust:

Communication. Keep team members and employees informed by explaining policies and decisions and providing accurate feedback. Be candid about your own problems and limitations. Tell the truth.[59]

Support. Be available and approachable. Provide help, advice, coaching, and support for team members' ideas.

Respect. Delegation, in the form of real decision-making authority, is the most important expression of managerial respect. Delegating meaningful responsibilities to somebody shows trust in him or her. Actively listening to the ideas of others is a close second.

Fairness. Be quick to give credit and recognition to those who deserve it. Make sure all performance appraisals and evaluations are objective and impartial.

Predictability. Be consistent and predictable in your daily affairs. Keep both expressed and implied promises.

Competence. Enhance your credibility by demonstrating good business sense, technical ability, and professionalism.[60]

If trust is a matter of give and take, it will be helpful to know how trusting you are of others. Self-Assessment 8.4 can help you learn about different aspects of your interpersonal trust. Besides improving your self-awareness, knowledge of your interpersonal trust can also provide guidance for how you can more effectively build trust with others—friends, classmates, coworkers, and bosses.

connect SELF-ASSESSMENT 8.4

How Much Do You Trust Another?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 8.4 in Connect.

1. Which particular items in this questionnaire are most central to your idea of trust? Why?
2. Does your score accurately depict the degree to which you trust (or distrust) the target person?
3. Why do you trust (or distrust) this individual?
4. If you trust this person to a high degree, how hard was it to build that trust? Explain.
5. Given your inclination to trust others (your score on the assessment), describe three implications for your work in group assignments and project teams at school.

Repairing Trust

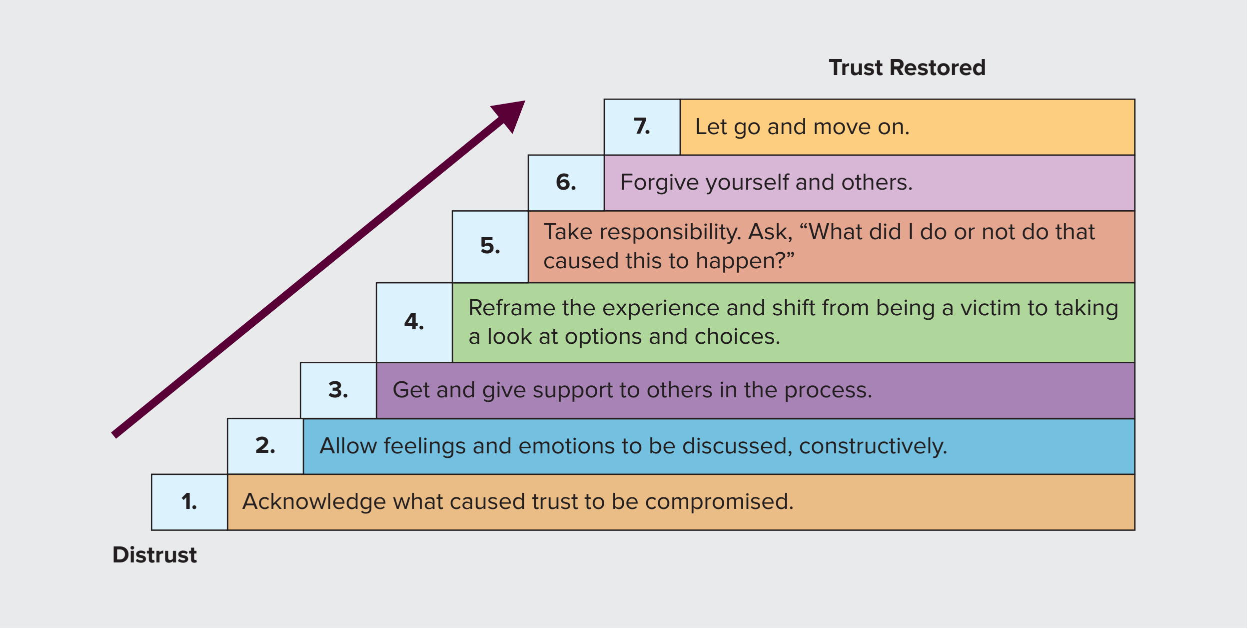
Just as trust can be built, so can it be eroded. The violation of trust, or even the perception of it, can diminish trust and lead to *distrust*. As you probably know from personal experience, trust is violated in many ways—sometimes deliberately and sometimes unwittingly. In any case, it is important to repair trust when it has been damaged.

Regardless of who is responsible for eroding or damaging trust, both parties need to be active in the repair of trust. Dennis and Michelle Reina studied thousands of instances of broken trust in business and developed seven steps for regaining it. Figure 8.7 illustrates their recommendations as an upward staircase, to show how individuals must work their way back from distrust, one step at a time, to finally regain what they have lost. This seven-step process can help whether you are the perpetrator or the victim.

We conclude this section with an observation about trust from Lars Dalgaard, a general partner at the venture capital firm Andreesen Horowitz and the founder and former CEO of SuccessFactors, a human capital consulting firm:

> The funny thing is that you're actually a stronger leader and more trustworthy if you're able to be vulnerable and you're able to show your real personality. It's a trust multiplier, and people really will want to work for you and be on a mission together with you.[61]

FIGURE 8.7 REINA SEVEN-STEP MODEL FOR REBUILDING TRUST



SOURCE: Adapted from D. Reina and M. Reina, *Rebuilding Trust in the Workplace: Seven Steps to Renew Confidence, Commitment, and Energy* (San Francisco, CA: Berrett-Koehler, 2010), 13.

8.5 KEYS TO TEAM EFFECTIVENESS

MAJOR QUESTION

What are the keys to effective teams, and how can I apply this knowledge to give me an advantage?

THE BIGGER PICTURE

You will thrive in team settings when you better understand the characteristics of high-performing teams. You can use these characteristics as facilitators to function more successfully in group and team settings. You will also benefit from the practical suggestions, supported by research and practice, with which we conclude the chapter, such as how to foster and reward collaboration and teamwork.

Characteristics of High-Performing Teams

Current research and practice have identified the following eight attributes of high-performance teams:

1. *Shared leadership*—interdependence created by empowering, freeing up, and serving others.
2. *Strong sense of accountability*—an environment in which all team members feel as responsible as the manager for the performance of the work unit.
3. *Alignment on purpose*—a sense of common purpose about why the team exists and the function it serves.
4. *Open communication*—a climate of open and honest communication.
5. *High trust*—belief that member actions and intentions focus on what's best for the team and its members.
6. *Clear role and operational expectations*—defined individual member responsibilities and team processes.
7. *Early conflict resolution*—resolution of conflicts as they arise, rather than avoidance or delay.
8. *Collaboration*—cooperative effort to achieve team goals.[62]

The 3 Cs of Effective Teams

With the above characteristics in mind, you might ask: How do you build a high-performing team? The short answer is to use the three Cs. (Note: These three Cs are at the *team* level, in contrast to the three Cs of effective team *players* discussed earlier that focus on the individual or team member level.) The three Cs are:

Charters and strategies
Composition
Capacity

Charters and Strategies Both researchers and practitioners urge groups and teams to plan before tackling their tasks, early in the group development process (the storming stage). These plans should include ***team charters*** **that describe how the team will operate, such as through processes for sharing information and decision making (teamwork).**[63] Team charters were discussed in the Winning at Work feature at the beginning of this chapter. Teams should also create and implement ***team performance strategies,*** **deliberate plans that outline what exactly the team is to do, such as goal setting and defining particular member roles, tasks, and responsibilities.**[64]

Composition ***Team composition*** **describes the collection of jobs, personalities, knowledge, skills, abilities, and experience levels of team members.** When we think of it this way, it is no surprise that team composition can and does affect team performance. Team member characteristics should fit the responsibilities of the team if the team is to be effective. *Fit* facilitates effectiveness and *misfit* impedes it—you need the right people on your team.

Research shows that in the early stages of team development (forming and storming), teams perform better when members have a high tolerance for uncertainty (a personality trait). This same finding applies to self-managed and virtual teams, due to their relative lack of imposed direction and face-to-face communication.[65] Team research also shows that teams with members who possess high levels of openness or emotional stability deal with task conflict better than those without these composition characteristics.[66] Finally, in the university context, top management teams (presidents, vice presidents, and chancellors) who were more diverse in terms of educational and disciplinary backgrounds generated more funding for research and improved school reputations.[67]

The bottom line: Create teams with the composition to match the desired objectives. Knowledge of OB and the Organizing Framework, in particular, can be very helpful in this regard.

Recent research on Tour de France cycling teams revealed that teams with greater diversity in tenure—with some new riders, some longtime riders, and some in between—had better team performance, measured as the number of riders finishing in Paris. What makes this finding intriguing is that diversity in terms of members' skills, previous Tour stage wins, age, and experience had no effect on team performance![68] © Jean Catuffe/Getty Images

Capacity ***Team adaptive capacity*** **(adaptability) is the ability to make needed changes in response to demands put on the team.** It is fostered by team members who are both willing and able to adapt to achieve the team's objectives. Described in this way, team adaptive capacity is a matter of team composition—the characteristics of individual team members. And it is an input in the Organizing Framework that influences team-level outcomes.[69]

Collaboration and Team Rewards

Collaboration **is the act of sharing information and coordinating efforts to achieve a collective outcome.** It's safe to assume that teams whose members collaborate are more effective than those whose members don't.[70] Collaboration is what enables teams to produce more than the sum of their parts.[71] Many factors can influence collaboration, including how teams are rewarded. In this final section we'll explore how to foster collaboration and the role rewards can play.

Collaboration—The Lifeblood of Teamwork As interdependence increases, so too does the need for and value of collaboration. Today's business landscape, characterized by globalization, outsourcing, strategic partnering, and virtual teams, makes collaboration ever more important.[72] That said, many things can interfere with collaboration. To help foster collaboration, we recommend the following as a starting point:

1. **Communicate expectations.** Clarifying roles and responsibilities for each team member is essential. Identify and communicate both individual and team accountability.
2. **Set team goals.** SMART goals for teams are a good place to start, but also review goals regularly as a team (weekly, monthly, or quarterly). Be sure individual roles and responsibilities align with team goals.
3. **Encourage creativity.** Create a safe environment where employees can take risks without fear of humiliation or career damage. Nurture a "can do" attitude within the team, and foster it by asking why or why not instead of saying yes or no.
4. **Build work flow rhythm.** Technology can be of great assistance. Project management software as well as other scheduling tools can help team members know exactly what they need to do and when. This can greatly assist in their coordination efforts and help assure that interdependent needs of team members are met.
5. **Leverage team member strengths.** Set individuals up to win by identifying and utilizing their strengths. The key to realizing the benefits of the team is to appropriately utilize the strengths of its individual members.[73]

Reward Collaboration and Teamwork Rewards matter, and dissatisfaction with rewards is a common cause for suboptimal team performance. Despite the need to work collaboratively, many if not most professional service firms (law, accounting, and consulting practices) measure and reward individual contributions, such as billable hours, up-or-out promotion systems (either qualify for partner or find another job), and competition between team members.[74] In contrast, Whole Foods Market uses teams extensively throughout the organization, and most incentives are team-based, not individual. If a team's department or store reduces costs and/or boosts revenues, then the team earns a share of the financial benefits.[75]

Organizations that foster the greatest collaboration and assemble the most effective teams typically use hybrid reward systems that recognize both individual and team performance. Table 8.6 provides guidance on how to reward performance in teams, based on the desired outcome (speed or accuracy) and the degree of interdependence (low, moderate, high). These guidelines can give you a tremendous head start in determining how best to reward and motivate team performance.[76]

TABLE 8.6 RECOMMENDATIONS FOR IMPROVING THE COORDINATION AND MOTIVATION OF TEAMS AND TEAM MEMBERS

	LOW INTERDEPENDENCE	MODERATE INTERDEPENDENCE	HIGH INTERDEPENDENCE
Speed	**Relay Teams**	**Road Cycling Teams**	**Crew Teams**
	What to measure: Individual performance	**What to measure:** Individual performance	**What to measure:** Team performance
	How to measure: Managerial assessment	**How to measure:** Managerial assessment	**How to measure:** Managerial and peer assessment
	How to Reward: Competitive rewards	**How to reward:** Competitive rewards	**How to reward:** Cooperative rewards
Accuracy	**Gymnastics Teams**	**Basketball Teams**	**Synchronized Swimming Teams**
	What to measure: Individual performance	**What to measure:** Team performance	**What to measure:** Team performance
	How to measure: Managerial assessment	**How to measure:** Managerial and peer assessment	**How to measure:** Managerial and peer assessment
	How to reward: Competitive rewards	**How to reward:** Cooperative rewards	**How to reward:** Cooperative rewards

SOURCE: R. K. Gottfredson, "How to Get Your Teams to Work," *Industrial Management,* July/August 2015, 25–30.

Appropriate rewards for collaboration and teamwork motivate at both the individual and team levels, and they also positively influence many important outcomes across all levels in the Organizing Framework. The following Problem-Solving Application illustrates how collaboration, teamwork, and performance management were applied in hospitals and nursing homes to improve patient and financial outcomes.

Problem-Solving Application

Together, Hospitals Combat a Common Foe[77]

The Foe *Clostridium difficile,* or *C. difficile* for short, is an antibiotic-resistant bacteria. The vast majority of people infected are patients in hospitals and nursing homes. Some enter the facility with the infection, but it also is common for people admitted for other reasons to acquire it once there. Another common source of infection is patients who are transferred from one facility to another and bring the bacteria with them, introducing it to a new patient population.

How It Does Its Damage Overuse and inappropriate use of antibiotics is largely responsible for this resistant bacteria. It is extremely difficult to kill and can live on bed rails, call buttons, and doorknobs for up to five months if they are not cleaned effectively.

Patients must ingest *C. difficile* to become infected. Typically they must also be on antibiotics that wipe out the good bacteria in their gut, allowing *C. difficile* to thrive there. This means prevention is partly a matter of hygiene among care providers and in nursing home and hospital environments, and partly a matter of prescribing practices.

Costs and Responsibilities The *C. difficile* problem occurs across the United States, but a number of hospitals and nursing homes in the Rochester, New York, area had a particular problem. For instance, a group of hospitals was spending an additional $4 million to $5 million a year to deal with *C. difficile*-related problems. Moreover, Medicare is increasingly rewarding or punishing hospitals based on performance outcomes, such as infection rates and readmissions. The organizations therefore had both moral and financial incentives to act. Potential solutions were made more difficult because these same hospitals and nursing homes in the area compete on a daily basis for patients, doctors, and dollars.

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem(s) confronting the hospitals and nursing homes.

Step 2: Identify the major causes of the problem(s).

Step 3: Make your recommendations.

We conclude the chapter with perhaps the most incredible and challenging application of teamwork—the International Space Station. Teamwork in this context is literally out of this world!

OB in Action

Exemplary Teamwork at NASA

Crew members of Expedition 30 pose for an in-flight crew portrait in the European Space Agency's Automated Transfer Vehicle *Edoardo Amaldi* (ATV-3) while docked with the International Space Station.
© Rex Features/AP Photo

The US National Aeronautics and Space Administration (NASA) epitomizes teamwork. NASA epitomizes the effective structure and implementation of multi-team teams. They have to be experts, as controlling space craft is obviously incredibly complex and difficult. Today, the organization's challenges related to the International Space Station (ISS) are substantially greater. This is due to the fact that NASA is one of five space agencies around the globe that jointly control the International Space Station. These agencies have rotated responsibilities 24 hours a day, 365 days a year, since 2000! The space station itself was built and is maintained by the five space agencies, which represent 23 countries. Yet effective coordination and collaboration occur almost seamlessly, even as team members come and go and responsibilities repeatedly cross international borders. As part of the space station's crew, NASA overcomes common challenges faced by many teams today.

Dynamic Composition The members of the various teams continually change. Astronauts from several countries routinely come and go, for example, because their time on board the ISS is limited for their safety. Imagine the time and resources required to continually prepare new members to live on the space station. Technical, physical, and cultural training requirements are immense, not least because all team members must effectively execute their responsibilities when on board.

Technology and Distance Communication is critical and an ever-present challenge. Ground control must communicate with both the ISS and its various locations on the ground. It's not as simple as making a cell phone call or Skyping. Distance is an obvious obstacle. NASA, and its partners, must overcome the "us" versus "them" dynamic between the flight crew and mission control. In addition to language differences at both mission control and the ISS, isolation is a problem. Astronauts can be on board the station for up to a year at a time. The confined spaces and lack of communication with family and friends are incredibly stressful. Thankfully, new technology enables the flight crew to communicate more frequently and privately with others on the ground.

The Ultimate Telecommuters An interesting way to think of astronauts and cosmonauts, is to think of them as the most extreme telecommuters! Most if not all the challenges discussed in this chapter are experienced by those involved in the ISS—both on the ground and in space.[78]

YOUR THOUGHTS?

Imagine you're a leader of the ISS flight crew.

1. What team challenges do you think would be most enjoyable for you?
2. What team challenges do you think would be most problematic for you?
3. What would you do to ensure the team works effectively and safely?

Your work life, and life more generally, is awash in teams. Apply the OB knowledge and tools gained in this chapter to be more successful and fulfilled when you work with others.

What Did I Learn?

You learned that working with others can increase everybody's performance because groups and teams can, and often do, accomplish more than individuals. You learned that roles and norms are the building blocks of group and team behavior. We explored group development processes, along with ways to differentiate groups and teams and the characteristics of effective team players. We saw the different types of teams and the value of interdependence. You learned how to boost your personal effectiveness further still by understanding trust and knowing how to repair it. Finally, we addressed the elements that foster team effectiveness and collaboration. Reinforce your learning with the Key Points below and consolidate it using the Organizing Framework. Challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 8

You learned the following key points:

8.1 GROUP CHARACTERISTICS

- Groups consist of two or more individuals who share norms, goals, and identity.
- Both formal and informal groups are useful.
- Roles are expected behaviors for a particular job or position, and group roles set expectations for members of a group.
- Norms are shared attitudes, opinions, feelings, or actions that help govern the behaviors of groups and their members.

8.2 THE GROUP DEVELOPMENT PROCESS

- Groups often evolve or develop along five defined steps: forming, storming, norming, performing, and adjourning.
- Punctuated equilibrium is another form of group development, in which normal functioning is disrupted by an event that causes the group to change the way it operates. It then settles into this new mode of operation or equilibrium.
- Knowledge of group development can help you understand group dynamics and be more effective in groups and teams.

8.3 TEAMS AND THE POWER OF COMMON PURPOSE

- Teams differ from groups in terms of shared leadership, collective accountability, collective purpose, and a focus on problem solving and collective effectiveness.
- Team players are committed, collaborative, and competent.
- Common forms of teams are work, project, cross-functional, self-managed, and virtual.
- Team interdependence describes the degree to which members depend on each other for information, materials, and other resources to complete their job tasks.

8.4 TRUST BUILDING AND REPAIR—ESSENTIAL TOOLS FOR SUCCESS

- Trust is a belief that another person will consider the way his or her intentions and behaviors will affect you.
- Three common forms of trust are contractual, communication, and competence.
- Trust is critical to your short- and long-term success and, if damaged, can be repaired using a seven-step process.

8.5 KEYS TO TEAM EFFECTIVENESS

- High-performing teams have several characteristics, such as participative leadership, aligned purpose, future focused, and creativity.
- Charters and strategies, composition, and capacity are the three Cs of effective teams.

- Reward and collaboration are important means of fostering team effectiveness.

The Organizing Framework for Chapter 8

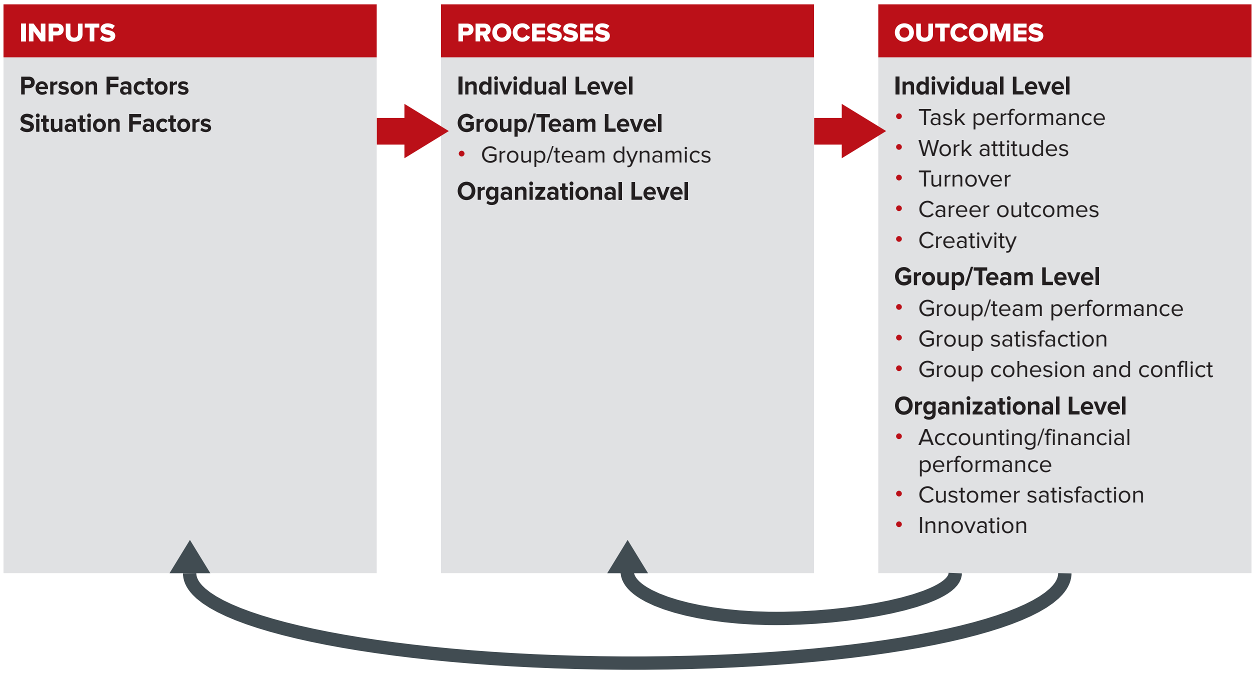
As shown in Figure 8.8, the process of group/team dynamics leads to a large number of outcomes at all three levels in the Organizing Framework.

Challenge: Major Questions for Chapter 8

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 8.8, the chapter itself, and your notes to revisit and answer the following major questions:

1. How can knowledge of groups and teams and their key characteristics make me more successful?
2. How can understanding the group development process make me more effective at school and work?
3. What are the characteristics of effective team players, team types, and interdependence, and how can these improve my performance in teams?
4. How can I build and repair trust in ways that make me more effective at school, work, and home?
5. What are the keys to effective teams, and how can I apply this knowledge to give me an advantage?

FIGURE 8.8 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

There are five practical ways you can apply the material in this chapter. First, learn which individual functions of groups are most important to you. This knowledge can help you understand why you are more satisfied in some groups than others. Knowledge of organizational functions can help you diagnose conflict and/or underperformance in some of the groups in which you are a member. Second, apply your knowledge of task and maintenance roles to identify ways you can make meaningful contributions to your groups and teams. If a role is missing and important, use your knowledge to fulfill it. Third, develop your teamwork competencies. Table 8.5 provides examples of how to do it. These competencies will serve you in any group or team and increase your value throughout your career. Fourth, apply your knowledge to combat social loafing. Don't let free riders add to or undermine your hard work. Fifth, your trustworthiness will make or break you. Pay attention to communication, support, respect, fairness, predictability, and your competence to boost your own trustworthiness. And when trust is diminished or violated, use Figure 8.7 to repair it.

IMPLICATIONS FOR MANAGERS

There are six practical implications that will benefit you as a manager. First, identify the important task and maintenance roles in the various teams you manage or belong to. Be sure these important roles are fulfilled effectively (not always by you). Second, you can reduce frustrations when working in teams by understanding the group development process. Identify the particular stage of development the group is in, and then apply your knowledge to advance it to the next. Third, evaluate those you manage in terms of the three Cs of a team player—committed, collaborative, competent. These can help you explain both top performers and underperformers. Fourth, always be mindful of trust, both how trusting you are of your people and how trusting they are of you. Managing people is infinitely more difficult when trust is an issue—never underestimate its importance. Apply the knowledge you gained in this chapter to both build and repair trust (see Figure 8.7). Fifth, Use team charters to set up your various teams to win. Doing this work early can pay great dividends and avoid conflict throughout the team's existence. Last but not least, be sure the tangible and intangible rewards you offer support collaboration and teamwork.

PROBLEM-SOLVING APPLICATION CASE

Optimizing Team Performance at Google[79]

Google is well on its way to ruling the universe. Whether this is its actual goal or not, the company's short- and long-term success depend on the performance of its work teams. Realizing this, Google applied its immense human, technological, and financial resources to finding out what makes top-performing teams so effective. Despite its legendary achievements, the company knew that teams vary considerably in terms of their performance, member satisfaction, and level of cohesion and conflict. To understand why, it did what it does best—collect and analyze data. It created Project Aristotle and spent millions of dollars to gather mountains of data from 180 teams across the company. The only thing more surprising than what it found was what it didn't find.

What Did Google Expect to Find?

Google sliced and diced the team data looking for patterns that would distinguish the most successful from the less successful teams. It expected that some combination of team member characteristics would reveal the optimal team profile. Such a profile or pattern never emerged. Google examined seemingly everything, such as team composition (team member personality, experience, age, gender, and education), how frequently teammates ate lunch together and with whom, their social networks within the company, how often they socialized outside the office, whether they shared hobbies, and team managers' leadership styles.

It also tested the belief that the best teams were made up of the best individual contributors, or that they paired introverts with introverts and friends with friends. To the researchers' amazement, these assumptions were simply popular wisdom. In sum, "the 'who' part of the equation didn't seem to matter." Even more puzzling was that "two teams might have nearly identical makeups, with overlapping memberships, but radically different levels of effectiveness,"[80] said Abeer Dubey, a manager in Google's People Analytics division.

What Did the Company Actually Find?

It turned out it wasn't so much who was in the group but the way the group functioned or operated that made the performance difference. Group norms—expected behaviors for individuals and the larger team—helped explain why two groups with similar membership function very differently. But this finding was only the beginning. Now Google needed to identify the operative norms.

Members of the Project Aristotle team began looking for team member data referring to factors such as unwritten rules, treatment of fellow team members, ways they communicated in meetings, and ways they expressed value and concern for one another. Dozens of potential norms emerged, but unfortunately the norms of one successful team often conflicted with those of another.

To help explain this finding, the Project Aristotle team reviewed existing research on teams and learned that work teams that showed success on one task often succeed at most. Those that performed poorly on one task typically performed poorly on others. This helped confirm their conclusion that norms were the key. However, they still couldn't identify the particular norms that boosted performance or explain the seemingly conflicting norms of similarly successful teams.

Then came a breakthrough. After intense analysis, two behaviors emerged. First, all high-functioning teams allowed members to speak in roughly the same proportion. Granted, they did this in many different ways, from taking turns to having a moderator orchestrate discussions, but the end result was the same—everybody got a turn. Second, the members of successful teams seemed to be good at sensing other team members' emotions, through either their tone of voice, their expressions, or other nonverbal cues.

Having identified these two key norms, the Project Aristotle team was able to conclude that many other team inputs and processes were far less important or didn't matter at all. Put another way, teams could be very different in a host of ways, but so long as everybody got and took a turn when communicating, and members were sensitive to each other, then each had a chance of being a top-performing team. With this knowledge in hand, now came the hard part. How to instill these norms in work teams at Google?

How could Google instill the appropriate communication practices, as well as build empathy into their teams' dynamics?

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Use the Organizing Framework in Figure 8.8 and the 3-Step Problem-Solving Approach to help identify inputs, processes, and outcomes relative to this case.

Step 1: Define the problem.

A. Look first to the Outcomes box of the Organizing Framework to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. You therefore need to determine from whose perspective—employee, manager, team, or the organization—you're defining the problem. As in other cases, whether you choose the individual or organizational level in this case can make a difference.

C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter. (Reminder: Chapter 8 is the first chapter in the Groups/Teams section of the book. Perhaps particular attention at this level is warranted.)

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework for Chapter 8 and is shown in Figure 8.8. Causes will tend to show up in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework (Figure 8.8) and determine which person factors, if any, are most likely causes to the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, do particular team member characteristics help explain the problem you defined in Step 1?

B. Follow the same process for the situation factors. For each ask yourself, *Why is this a cause?* By asking why multiple times you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for this chapter for guidance.

C. Now consider the Processes box in the Organizing Framework. Are any processes at the individual, group/team, or organizational level potential causes of your defined problem? For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Remember to consider the OB in Action and Applying OB boxes, because these contain insights into what others have done. These insights might be especially useful for this case.

B. Be sure to consider the Organizing Framework—both person and situation factors, as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

When Would You Fire the Coach? The President?

The National Collegiate Athletic Association (NCAA) routinely hands down sanctions for violations of rules on recruiting, academic eligibility, and illegal payments. At some schools violations occur repeatedly. Such patterns suggest that current efforts to prevent unethical conduct in college sports are ineffective, despite the severity of some NCAA sanctions. With this as background, the point of this Legal/Ethical Challenge is determining who should bear the consequences of such misconduct. Currently, it seems that leaders at different levels of universities reap the benefits of wins and championships, but that not all suffer the consequences of misconduct, even misconduct they (should) know about.

If you agree this is a problem that needs to be addressed, then despite its intentions and efforts, the NCAA is only part of the solution. Perhaps the ultimate solution lies in the quality of university-level leadership by boards of trustees, presidents, and athletic directors.[81] The NCAA gives college presidents wide latitude to govern sports programs. They have official authority, and they typically report to boards of trustees who are in effect their bosses and thus responsible for their conduct.

The Current and Prevailing View

There are at least two views on misconduct in college sports programs. One perspective, the prevailing view today, is that infractions are just part of doing business in college sports, and that sanctions are an unfortunate but nonetheless expected "business expense." Economically this makes sense. Neither coaches, athletic directors, presidents, nor trustees want unethical activity to jeopardize the sometimes hundreds of millions of dollars of revenue generated by sports programs. For perspective, the top five revenue-generating college football teams netted over $300 million in profits in 2015.[82] (That's just five schools, and just profits.) Nor do leaders want to risk long-term damage to the reputation of the particular sports program or the larger university. For example, when Southern Methodist University football was found to be paying players, among other offenses, the NCAA imposed the "death penalty" by canceling the team's 1987 season. The school was unable to field a team the following year and missed that season as well. Many argue it has never recovered.[83] Such consequences, the death penalty, have never been used by the NCAA since.

An Alternative View

But what if sanctions did extend to university leaders? For instance, what if the board of trustees at a given university said that if a player is suspended, so are the coach and athletic director, without pay. If the player is dismissed, so are the coach and athletic director, and perhaps even the college president. Business executives and managers are fired every day when their conduct jeopardizes far less money than is at stake in major college sports programs.

While this solution may seem extreme and even unrealistic, it would certainly motivate presidents, athletic directors, and trustees to take greater responsibility for and oversight of the ethical conduct of their sports teams and programs. These leaders often bask in the rewards when their teams win championships, but they are able to contain or even avoid the costs of their misconduct. If both the rewards *and* the punishments extended beyond individual players, however, that behavior would likely change. It also is more likely that leaders such as university presidents and trustees would be more proactive.

For instance, if these practices had been in place, perhaps Southern Methodist would not have hired men's basketball coach Larry Brown in 2012. Yes, Brown had legendary success at both the college and professional levels. But his UCLA championship team had also been stripped of its title because of NCAA violations, and when he later coached the University of Kansas it was banned from the postseason play for a year and placed on probation for three.

If one of those universities' presidents had been fired, along with the athletic directors and coaches, perhaps SMU might have more carefully considered hiring coach Brown.[84] Now that Brown and SMU have both been slammed with sanctions by the NCAA, for Brown's third set of violations, should others be held accountable—the president, the board of trustees, the athletic director? After all, they knowingly took the chance that it wouldn't happen again, and it did. Making matters worse, SMU President R.

Gerald Turner is co-chair of the Knight Commission on Intercollegiate Athletics whose stated mission is "to ensure that intercollegiate athletics programs operate within the educational mission of their colleges and universities."[85] It thus seems that they should have been especially tuned in to potential misconduct in athletic programs.

Does this offer guidance for Syracuse and Jim Boeheim, Louisville and Rick Pitino, or other college basketball or sports programs more generally, when dealing with their own scandals and long patterns of unethical conduct? In the current system, if anybody pays penalties in a meaningful way it is the players who lose postseason opportunities and scholarships, compared to a token few game suspensions for coaches who are already wealthy. But what about the other leaders—athletic directors, presidents, trustees?[86]

What Should Be Done About the Unethical Conduct in College Sports?

1. Don't change anything. The current means for dealing with misconduct, including NCAA sanctions, are sufficient. Justify.
2. Modify the NCAA authority and sanctions, but keep the system more or less as it is. Explain.
3. Hold university leadership accountable—some combination of coaches, their bosses the athletic directors, their bosses the presidents, and *their* bosses the boards of trustees. Explain.
4. Invent another alternative and explain.

9 COMMUNICATION IN THE DIGITAL AGE

How Can I Become a More Effective Communicator?

Major Topics I'll Learn and Questions I Should Be Able to Answer

9.1 Basic Dimensions of the Communication Process

MAJOR QUESTION: ***How can knowing about the basic communication process help me communicate more effectively?***

9.2 Communication Competence

MAJOR QUESTION: ***What key aspects of interpersonal communication can help me improve my communication competence?***

9.3 Gender, Generations, and Communication

MAJOR QUESTION: ***How do gender and age affect the communication process?***

9.4 Social Media and OB

MAJOR QUESTION: ***How can social media increase my effectiveness at work and in my career?***

9.5 Communication Skills to Boost Your Effectiveness

MAJOR QUESTION: ***How can I increase my effectiveness using presentation skills, crucial conversations, and managing up?***

"The Organizing Framework shown in Figure 9.1 summarizes what you will learn in this chapter. You can see that communication is an important process at all three levels of OB—individual, group/team, and organizational. The quality and effectiveness of your communication is influenced greatly by person factors, such as your interpersonal, nonverbal communication, and listening skills. Of course many situation factors also influence the outcomes of your communication efforts. Your choice of medium, spoken or written words, and of course social media are increasingly important in the workplace. Collectively, these inputs impact communication across levels and outcomes in the Organizing Framework."

FIGURE 9.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Nonverbal communication
- Active listening
- Nondefensive communication
- Empathy
- Ethical behavior
- Social media behaviors (an individual employee)
- Communication skills

Situation Factors
- Choice of medium
- HR policies (hiring and firing)
- Social media practices (managers and coworkers)

PROCESSES

Individual Level
- Communication

Group/Team Level
- Communication

Organizational Level
- Communication
- HR policies (social media policies)

OUTCOMES

Individual Level
- Task performance
- Work attitudes
- Turnover

Group/Team Level
- Group/team performance
- Group satisfaction

Organizational Level
- Accounting/financial performance
- Customer satisfaction
- Innovation
- Reputation
- Legal liability

The importance of communication at work cannot be overstated. Your communication skills are important determinants of your opportunities and effectiveness throughout your working life. The fact that a large proportion of jobs require teamwork and communication technology, means that you are well served to enhance your understanding of communication processes and improve the many types of communication skills, such as non-verbal, public speaking, social media, and courageous conversations. © John Fedele/Blend Images LLC

Winning at Work

Communication Counts in Landing a Job

As a job seeker, you are responsible for proving you're the best candidate for the job. Performing well during a job interview depends on what you say *and* how you say it! Effective communication skills enable you both to sell yourself as the best candidate and to calm your own nerves.

What You Say in a Job Interview

- *Direct the conversation.* Many people simply wait to be asked questions, but you don't need to. You can use small talk to get things started, but be brief. Also be sure you know your key selling points and guide the conversation to these. You can even state them upfront, saying, "I'd like to cover A, B, and C."
- *Pick your selling points.* Identify and focus on only your top two or three selling points. If you have little experience, focus on personal qualities or skills. If you have experience, highlight significant achievements.
- *Substantiate.* Support and illustrate your selling points with numbers and/or stories. For instance, be explicit and say you were the number one in sales, increased efficiency by 20 percent, ranked top 10 in your class, or were member of a state champion team in a sport. Also consider using stories to describe achievements (school, work, or sports), how you dealt with a challenging situation, or what you appreciated most about a particular job or experience.
- *Describe what's in it for them.* Ask not what the job will do for you, but what you can do on the job. Explain why you're a good match and what you bring to the party.
- *Do your homework.* Be sure to thoroughly research the company and people. Look online for information relevant to past, current, and future company events and initiatives. Use this knowledge when talking or asking questions about the company.
- *Anticipate challenging questions.* Know you will be asked, "What are your weaknesses?" The key here is to briefly identify a challenge, then discuss how you solved the problem and how it helped you grow.

How You Say It

- *Show them you'll bring it.* Express your enthusiasm and willingness to do anything, not just the most interesting stuff. Remember, enthusiasm and other positive emotions are both attractive to others and contagious. Positivity sells. . . be positive in your words, non-verbals, attitude, and emotions!
- *Smile.* It's one of the easiest ways to win people over.
- *Take your time.* Nerves often make us rush through an answer just to get it over with. Slow yourself down and speak in a normal conversational tone.
- *Make eye contact.* Don't stare in the other person's eyes, but don't stare at the floor or out the window either.
- *Dress the way they dress.* Regardless of your own style or wardrobe, your choices need to match what is common at the company. The rule: Anything that distracts, diminishes.
- *Close with a handshake.* End the interview with a "thank you" and a firm handshake (don't crush bones).
- *Follow up.* At the end of the interview ask when the interviewer would like you to follow up. Then drop your interviewer a note of thanks.

Fighting Nerves

- Prepare.
- Breathe.
- Pause before answering.
- Never say you're nervous.
- Use positive self-talk and visualization.[1]

What's Ahead in This Chapter

We're about to give you practical guidance on how to communicate effectively. Communication is a critically important process at all levels of OB—individual, group, and organizational—and in most arenas of your life. We'll guide you through important elements at each level, beginning with how individuals process information. We'll also highlight the characteristics of competent communicators and show you how to more successfully communicate within and between generations and genders. We'll conclude with the most practical tips of all: the do's and don'ts of using social media in your professional life, ways to develop effective presentation and conversational skills, and suggestions for managing up.

9.1 BASIC DIMENSIONS OF THE COMMUNICATION PROCESS

MAJOR QUESTION

How can knowing about the basic communication process help me communicate more effectively?

THE BIGGER PICTURE

By this point in your study of OB, you probably realize that communication is a critical and dynamic *process* within the Organizing Framework. It includes a sender, a message, and a receiver; encoding and decoding; a medium; feedback; and the need to deal with "noise" or interference. You will also see why you should match the communication medium to the situation.

Irish Playwright George Bernard Shaw summed up a key issue with communication in stating "the single biggest problem in communication is the illusion that it has taken place."[2]

The illusion that we have communicated when we have not can lead to catastrophic consequences, such as the 2014 sinking of the *Sewol,* a South Korean ferry. Investigators concluded that "crucial miscommunication between the crew and ship traffic controllers who could have expedited rescue" was a key cause of 293 deaths. Many of the dead were 16- and 17-year-olds on a school outing.[3]

Effective communication helps individuals, groups, and organizations to achieve their goals. Bridgewater Associates LP, the world's largest hedge fund, is trying to enhance productivity and customer service by fostering open communication. Employees are asked to "tell it like it is," according to *The Wall Street Journal*. They are "encouraged to air any gripes and concerns about the hedge fund in a digital 'issue log' that can be seen by anyone at Bridgewater. The comments usually are about bigger problems but also have included difficulties formatting e-mail." To improve individual's performance, the company also collects and disseminates feedback collected on iPads on which workers use apps to rate each other on dozens of strengths and weaknesses.[4]

TEKsystems, an IT recruiting firm, has employed a different communication strategy. The company sent 18 senior leaders to visit more than 100 of its local offices over the course of one month. The goal of these meetings was to update employees in person about what was happening in the company and its plans.[5]

These examples illustrate why communication is a critical process at all three levels in the Organizing Framework. We hope this chapter helps you develop your communication skills.

Defining Communication

Communication **is "the exchange of information between a sender and a receiver, and the inference (perception) of meaning between the individuals involved."**[6] It is a circular and dynamic process in which people interpret and make sense of the information they exchange. And it's a very important activity in both our personal and professional lives.[7]

A national survey of 400 employers and 613 college students revealed that more than 80 percent of employers and 75 percent of students believe oral and written communication skills are important for workplace success. However, more than 60 percent of students reported they were skilled in oral and written communication, whereas only 27 percent of employers endorsed this conclusion.[8]

These students are working on a class project in the library. Note how some of them are actively involved in the conversation and others appear a bit detached. Why do you think college students overestimate their communication skills?
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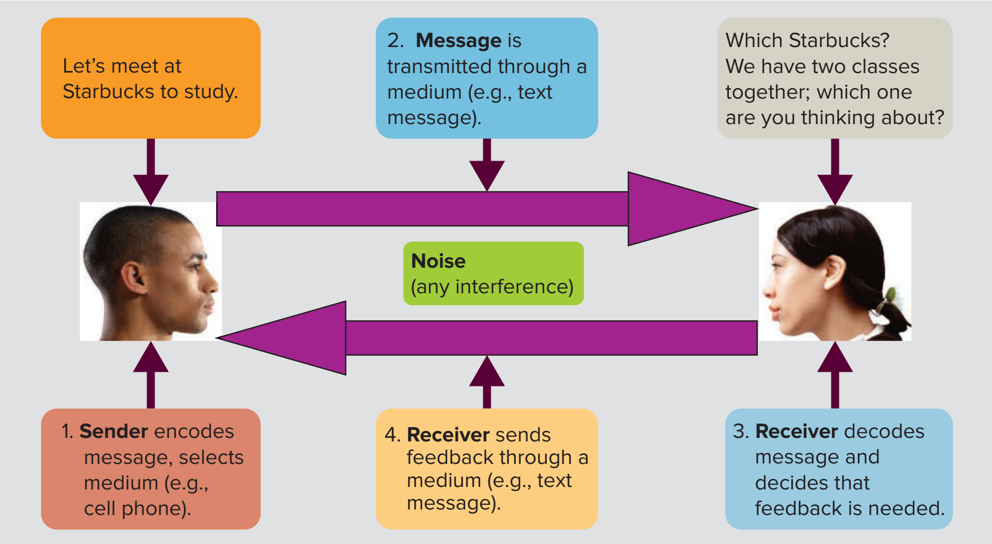
How the Communication Process Works

We all know communicating is neither simple nor clear-cut. Researchers have begun to examine it as a form of social information processing in which receivers interpret messages by cognitively processing information. This work has led to development of a perceptual model of communication that depicts it as a process in which receivers create meaning in their own minds.[9] Let us consider the parts of this process and illustrate them with an example (see Figure 9.2).

Sender, Message, and Receiver The sender is the person or group wanting to communicate information—the message. The receiver is the person, group, or organization for whom the message is intended.

FIGURE 9.2 COMMUNICATION PROCESS IN ACTION



(left): © Image Source/Getty Images RF; (right): © Fuse/Getty Images RF

Encoding Communication begins when a sender encodes an idea or thought. Encoding means translating thoughts into a form or language that can be understood by others. This language becomes the foundation of the message. For example, if a professor wants to communicate with you about an assignment, he or she must first think about what information to communicate. Once the professor has resolved this issue in his or her mind (encoding), the next step is to select a medium in which to communicate.

Selecting a Medium Managers can communicate through a variety of media. These include face-to-face conversations and meetings, telephone calls, charts and graphs, and the many digital messaging forms—e-mail, texting, voice mail, videoconferencing, Twitter, Facebook, Blackboard, and others. We discuss the best way to select a medium in the next section.

Decoding and Creating Meaning Decoding, the process of interpreting or making sense of a message, occurs when receivers receive a message. When a professor communicates with you about an assignment, for example, you decode the message when you receive it.

The perceptual model of communication assumes the receiver creates the meaning of a message in his or her mind. This means different people can interpret the same message differently.

Feedback The first round of feedback occurs when the original receiver expresses a reaction to the sender's message. Once the initial sender has obtained this feedback, he or she is likely to decode it and send corresponding feedback. This process continues until sender and receiver believe they have effectively communicated.

Noise ***Noise*** **is anything that interferes with the transmission and understanding of a message.** There are many other sources of noise: language differences, speech impairment, illegible handwriting, inaccurate statistics, poor hearing and eyesight, environmental noises, other people talking, faulty equipment, and physical distance between sender and receiver. Noise affects all the links in the communication process. Nonverbal communication, discussed later in this chapter, also is a source of noise, as are cross-cultural differences between senders and receivers, and the physical work environment.

OB in Action

The Priceline Group Works Hard to Avoid Noise with Its Global Customers

The Priceline Group is an $8.44 billion online travel company that provides consumers with accommodation reservations for hotels, bed and breakfasts, hostels, apartments, vacation rentals, and other properties through its Booking.com, Priceline.com, and Agoda brands. The company does not directly provide these services. It essentially facilitates travel-related services from different suppliers to its customers.[10]

Although Priceline primarily does business online, travelers call the company for many reasons, such as to confirm travel details or make changes in an itinerary. Former CEO Paul J. Hennessy says about 20 percent of customers end up speaking with Priceline employees on the phone. This is a communication challenge because the company's 12,700 employees operate 24/7 in more than 220 countries.[11]

For instance, most travelers prefer to speak with customer service representatives in their native language. To do this right, Priceline makes its customer service number visible on all online pages and provides the service itself, even though outsourcing could save money.

Booking.com, Priceline's largest global business, employs 6,000 full-time customer service employees. Each is fluent in English and one other language. "Many speak three or four languages, particularly in Europe," Hennessy says. "We test fluency, and we pay people a little more for every extra language they speak. We do offer language lessons . . . we offer service in 42 languages."

It's also a challenge to hire people who speak multiple languages yet possess good communication skills. One of these skills is an understanding of cross-cultural nuances. For example, people in "Brazil and China tend to call more frequently, perhaps because they're unaccustomed to booking trips solely online," says Hennessy. "The Dutch . . . call the least. South Americans tend to stay on calls longer, so we may need more reps speaking their languages to avoid keeping people on hold."[12]

Linguistic details within a language can be a hurdle. Hennessy says, "No matter how fluent the rep, customers in some parts of the world simply don't like talking to people who aren't native speakers or don't get the linguistic details right." He offers the example of Japanese customers who can tell the difference "between a Japanese speaker from Singapore or the United States and one from Japan, and they prefer the latter." Priceline offers special training for reps who cover Japan. The company goes to great lengths to route calls between customer service centers in such a way as to maximize the chance that customers will "speak to someone who uses their language the way they prefer."[13]

Priceline also focuses on the quality of written communication. Given its global brand, the company has to hire a large number of translators to translate all documents into local languages for its websites. Priceline won't use computer programs to do this work because it can lead to miscommunication.

YOUR THOUGHTS?

1. Which components of the communication process are most likely to create noise between Priceline's customer service employees and its customers?
2. What most impresses you about Priceline's methods for effectively communicating with customers? Explain.

Selecting the Right Medium

One way in which we communicate effectively is by using the medium most appropriate for the situation. That is, we match media *richness* with the situation's complexity. Let's look at how.

Media Richness

Media richness **measures the capacity of a given communication medium to convey information and promote understanding.**[14] Media vary from rich to lean. The richer a medium, the better it is at conveying information. Four factors affect richness:

1. **Speed of feedback.** Faster feedback offers more richness.
2. **Channel.** The visual and audio characteristics of a videoconference are richer than the limited visual aspects of a written report.
3. **Type.** Personal media such as phone calls and interpersonal speech are richer than impersonal media such as memos and group emails.
4. **Language source.** The natural body language and speech in a face-to-face conversation provide a richer medium than the numbers in a financial statement.

Complexity of the Situation

Situations can range from low to high in complexity. Low-complexity situations are routine and predictable, such as a manager updating employees on last month's sales or calculating someone's paycheck. Highly complex situations, such as a corporate reorganization or merger, are ambiguous, hard to analyze, and often emotionally charged.

The photo on the right represents a less complex situation than the one on the left. Speaking to a group of employees in an open forum is more complicated because the speaker has no idea what people might ask or how they might respond to the message. How would you suggest that managers prepare for an open forum meeting?
(left): © Ryan McVay/Getty Images RF; (right): © Jupiterimages/Getty Images RF

Picking the Right Medium A two-way face-to-face conversation is the richest form of communication. It provides immediate feedback and allows participants to observe multiple cues such as body language and tone of voice. Use face-to-face in situations that are complex or that are highly important to receivers. In contrast, telephone conversations and videoconferencing are not as informative as face-to-face exchanges even though they are relatively high in richness. For example, webinars and WebEx presentations are well suited for disseminating information, but we can say from experience that they are not as good for ensuring the messaging has been understood. At the other end of the complexity scale, newsletters, computer reports, and general e-mail blasts are lean media and best for less complex situations. E-mail and social media messages vary in media richness: leaner if they impersonally blanket a large audience, and richer if they mix personal textual and video information that prompts quick conversational feedback.[15]

TAKE-AWAY APPLICATION

Analyzing a Miscommunication

Think of a recent situation in which you had a key miscommunication with an individual or group. Now answer the following questions:

1. In terms of the process model of communication shown in Figure 9.2, what went wrong?
2. Based on what you've just learned about communication media, did you choose the most appropriate medium? Explain.
3. Based on your answers to the above two questions, what would you do differently?

We conclude this section by noting that people have preferences for communicating in different media. Research on individual differences identified the following trends:

- More educated hotel guests prefer to complain in person or via written communication. Less educated people tend to complain on guest-comment cards.[16]
- Males and extroverts prefer to communicate via high-richness media such as face-to-face.[17]
- Older individuals are less likely to communicate via mobile devices.[18] We suspect this will change as more baby boomers reach retirement age.

9.2 COMMUNICATION COMPETENCE

MAJOR QUESTION

What key aspects of interpersonal communication can help me improve my communication competence?

THE BIGGER PICTURE

Communication competence is your ability to effectively communicate with others. Knowing that recruiters look for communication skills in college graduates, you'll be happy to learn that you can improve these skills. You will learn how you can use nonverbal communication, active listening, nondefensive communication, and empathy to enhance your communication competence.

Although there is no universally accepted definition of ***communication competence,*** **it is a performance-based index of an individual's abilities to effectively use communication behaviors in a given context.**[19]

Are you curious about your level of communication competence? Is it low, medium, or high? Find out by completing Self-Assessment 9.1. If your score is lower than you prefer, find ideas in the chapter for improving your interpersonal communication skills.

connect SELF-ASSESSMENT 9.1

Assessing Your Communication Competence

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 9.1 in Connect.

1. Are you happy with the results?
2. Based on your scores, what are your top three strengths and your three biggest weaknesses?
3. How might you use your strengths more effectively in your role as a student?
4. How might you improve on your weaknesses?

Let's consider four key communication skills that affect your communication competence:

- Nonverbal communication
- Active listening
- Nondefensive communication
- Empathy

Sources of Nonverbal Communication

Nonverbal communication **is communication without words.** According to communication experts "it includes observable behaviors such as facial expressions, eyes, touching, and tone of voice, as well as less obvious messages such as dress, posture, and spatial distance between two or more people."[20]

Nonverbal communication adds flavor to oral communication. That is, it helps you understand the attitudes and emotions of those with whom you are speaking, which in turn helps you more accurately interpret their message.[21]

Let's consider four key sources of nonverbal messages:

- Body movements and gestures.
- Facial expressions.
- Touch.
- Eye contact.

Body Movements and Gestures Body movements, such as leaning forward or backward, and gestures provide nonverbal information that can either enhance or detract from the communication process. Open body positions, such as leaning backward or gesturing with palms facing up, communicate *immediacy,* a term used to represent openness, warmth, closeness, and availability for communication. A recent study showed that positive hand gestures by managers produced more immediacy from employees than defensive or no hand gestures.[22] *Defensiveness* is communicated by gestures such as folding arms, crossing hands, crossing legs, or pointing at others.

Touch Touching is another powerful nonverbal cue. People tend to touch those they like. Research reveals that women do more touching during conversations than men.[23] Touching conveys an impression of warmth and caring and can help create a personal bond between people. Be careful about using touch with people from diverse cultures, however, because norms for touching vary significantly around the world.

Facial Expressions Facial expressions convey a wealth of information. Smiling, for instance, typically represents warmth, happiness, or friendship, whereas frowning conveys dissatisfaction or anger. Are these interpretations universal? A summary of relevant research revealed that the association between facial expressions and emotions varies across cultures.[24] A smile, for example, does not convey the same emotion in different countries. Be careful when interpreting facial expressions among diverse groups of employees.

Eye Contact Eye contact is a strong nonverbal cue that varies across cultures. Westerners are taught at an early age to look at their parents when spoken to. In contrast, Asians are taught to avoid eye contact with a parent or superior in order to show obedience and subservience.[25] Once again, you need to be sensitive to different orientations toward maintaining eye contact with diverse employees.

Practical Tips Here is our advice for improving your nonverbal communication skills.

Body movements, gestures, and speech

- Lean forward to show the speaker you are interested.
- Don't display slumped shoulders, downward head, flat tones, or inaudible voice, all of which convey indecisiveness or lack of confidence.
- Don't speak too fast or too slowly. Your tone of voice should match the tone of the message.
- Use paraphrasing as a mechanism to check on communication accuracy. ***Paraphrasing* is restating what someone else has said or written.**

Facial expressions like these can reveal the emotions behind a message, but they are easily misinterpreted. Which of these facial expressions suggest happiness, worry, and anger?
(left to right): © uwe umst_tter/Getty Images RF, © Chajamp/Shutterstock RF, © Royalty-Free/Corbis, © pathdoc/Shutterstock RF

Facial expressions

- Nod your head to show you are listening or that you agree.
- Smile and show interest.
- Don't close your eyes or tense facial muscles.

Eye contact

- Maintain eye contact and don't look away from the speaker.

As children we all were instructed to listen. However, many adults seem to suffer from poor listening skills. Why is this? For one, it takes effort and motivation to be a good listener. To communicate and perform better, we'd all benefit from investing more effort into listening more effectively. Table 9.1 provides recommendations for improving your listening skills. © McGraw-Hill Education/Eclipse Studios

Listening

***Listening* is the process of actively decoding and interpreting verbal messages.** It requires cognitive attention and information processing; simply hearing does not. There is general consensus that listening is a cornerstone skill of communication competence.

In studies that support this conclusion, active listening made receivers feel more understood. It also led people to conclude that their conversations were more helpful, sensitive, and supportive.[26] Clearly, active listening yields positive outcomes.

Unfortunately, many of us think we are good listeners when evidence suggests just the opposite. For example, researchers estimate that typical listeners retain only 20 to 50 percent of what they hear.[27]

Why do you think we miss or lose so much of what we hear? One reason is that we have the cognitive capacity to process words at a much higher rate than people speak. This means our cognitive processes are being underutilized, leading to daydreaming and distractions. Noise is another reason. A third reason, and one you can control, is your motivation to listen and your listening style. It takes effort to actively listen. You won't be a better listener unless you are motivated to become one.

What's Your Listening Style—or Styles? You can improve your communication competence by understanding your typical listening style. There are four styles:[28]

1. **Active—I'm fully invested.** Active listeners are "all in." That is, they are motivated to listen and give full attention when others are talking. They focus on what is being communicated and expend energy by participating in the discussion. They also use positive body language, such as leaning in or making direct eye contact, to convey interest.
2. **Involved—I'm partially invested.** Involved listeners devote some, but not all, of their attention and energy to listening. They reflect on what is being said and half-heartedly participate in the discussion. Their use of nonverbal cues tends to be inconsistent or intermittent, and they can show nonverbal signs of interest and noninterest in the same conversation.
3. **Passive—It's not my responsibility to listen.** Passive listeners are not equal partners in a speaking–listening exchange. They assume the speaker is responsible for the quality of the interaction and believe their role is to passively take in information. Passive listeners will display attentiveness, but they can fake it at times. Overall, they don't expend much motivation or energy in receiving and decoding messages.
4. **Detached—I'm uninterested.** Detached listeners tend to withdraw from the interaction. They appear inattentive, bored, distracted, and uninterested. They may start using mobile devices during the speaking–listening exchange. Their body language will reflect lack of interest, such as slumping and avoiding direct eye contact.

Which of the four styles do you tend to use? Do you consistently use one or two styles, or does your style vary from one situation to the next? You can answer these questions by taking Self-Assessment 9.2.

connect SELF-ASSESSMENT 9.2

Assessing Your Listening Style

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 9.2 in Connect.

1. Based on your results, how would you classify your style?
2. Are you surprised by the results?
3. Identify three things you can do to improve your listening skills.

Becoming a More Effective Listener Effective listening is a learned skill that requires effort and motivation. It comes down to *paying attention to the content of the message.* The suggestions in Table 9.1 can increase your listening skills at school, home, and work.

Nondefensive Communication

Defensiveness **occurs when people perceive they are being attacked or threatened.** Our "first responder" to defensiveness is the brain's amygdala. A neuroscience expert

TABLE 9.1 TIPS FOR EFFECTIVE LISTENING

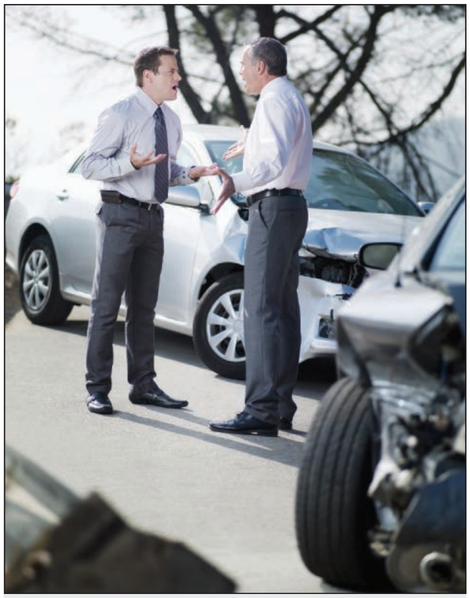
Tip	Explanation
Show respect.	Give everyone the opportunity to explain his/her ideas without interrupting. Actively try to help the sender convey his or her message.
Listen from the first sentence.	Turn off your internal thoughts and mentally put aside whatever you were thinking about prior to the interaction.
Be mindful.	Stay in the moment and focus on the sender. Don't try to figure out what the speaker is going to say.
Keep quiet.	Use your ears more than your mouth, and try to follow the 80/20 rule. That is, your conversation partner should speak 80 percent of the time and you should speak 20 percent.
Ask questions.	Asking questions helps you clarify what is being said and demonstrates that you are listening.
Paraphrase and summarize.	Paraphrasing repeats back to someone what you believe you just heard him or her say. Summarizing consolidates an entire conversation. Both these techniques enhance communication accuracy because they help to ensure messages are being understood correctly.
Remember what was said.	Either take notes or make an effort to log critical information into your mental computer.
Involve your body.	Use nonverbal cues to demonstrate interest and involvement.

SOURCE: Based on J. Keyser, "Active Listening Leads to Business Success," *T+D,* July 2013, 26–28; and B. Brooks, "The Power of Active Listening," *The American Salesman,* December 2010, 28–30.

noted the amygdala "accesses emotional memories that identify a given stimulus as potentially threatening and triggers the emotional fear response that sets the fight-or-flight biobehavioral response in motion."[29] This reaction leads to defensive listening and destructive behaviors such as shutting down or being passive-aggressive, standing behind rules or policies, creating a diversion, or counterattacking.

Moreover, defensiveness from one person activates a similar response in the other party. All told, defensiveness from either party in an exchange fosters the exchange of inaccurate and inefficient communication.[30]

You may be surprised to learn that defensiveness is often triggered by nothing more than a poor choice of words or nonverbal posture during interactions. In the language of behavior modification, these triggers are *antecedents* of defensiveness. For example, using absolutes like "always" or "never" is very likely to create a defensive response. Try to avoid using absolutes because they are rarely true. Instead, you can increase your communication competence by avoiding the defensive antecedents and employing the positive antecedents of nondefensive communication shown in Table 9.2.



Have you ever been in an auto accident? If yes, then you likely have intimate knowledge of defensiveness. In situations like this, one party often tries to blame the other while both defend themselves. Which of the toward-defensiveness styles in Table 9.2 are likely to occur in such situations?
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TABLE 9.2 ANTECEDENTS OF DEFENSIVE AND NONDEFENSIVE COMMUNICATION

TOWARD DEFENSIVENESS		TOWARD NONDEFENSIVENESS	
Style	**Example**	**Style**	**Example**
Evaluative	"Your work is sloppy."	**Descriptive**	"Your work was two days late."
Controlling	"You need to . . ."	**Problem solving**	*"What do you think are the causes of the missed deadline?"*
Strategizing	*"I'd like you to agree with me during the meeting so that we can overcome any challenges."*	**Straightforward**	*"Vote your conscious at the meeting. You can agree or disagree with my proposal."*
Neutral	*"Don't worry about missing the deadline. It's no big deal."*	**Empathetic**	*"I sense disappointment about missing the deadline. Let's figure out how we can get back on schedule."*
Superior	*"Listen to me; I've worked here 20 years."*	**Equal**	*"Let's figure out the causes of the missed deadline together."*
Certain	*"We tried this idea in the past. It just doesn't work."*	**Honest and open**	*Using I-messages:* "I am angry about the way you spoke to the customer because our department looked unresponsive."

SOURCE: Based on J. R. Gibb, "Defensive Communication," *Journal of Communication,* 1961, 141–148; and "Reach Out: Effective Communication," *Sunday Business Post,* April 14, 2013.

TAKE-AWAY APPLICATION

Realizing My Defensive Communication

1. Think of an interaction you had with someone that resulted in defensiveness from either the sender or receiver.
2. Referring to Tables 9.1 and 9.2, identify the potential causes of the defensive communication pattern.
3. Again referring to Tables 9.1 and 9.2, identify three things you could have done differently to facilitate nondefensive communication.

Connecting with Others via Empathy

We first mentioned empathy in Chapter 3 when discussing the components of emotional intelligence. Although researchers propose multiple types of empathy, the general consensus is that ***empathy*** **represents the ability to recognize and understand another person's feelings and thoughts.**[31] It is a reflective technique that fosters open communication.

Being empathetic requires two key actions. The first is mindfulness. Empathy necessitates that we place our attention on the feelings and emotions being displayed both verbally and nonverbally by others. The second action is to incorporate our understanding of another person's feelings and thoughts into our communications. This will lead us to use language that fits the receiver's perspective.

Empathy leads to more effective communication and interaction because people feel heard. It also sends the message that we care about others. Although women are often more empathetic, studies show that everyone can learn this skill with training and practice.[32]

Ford Motor Co. is using the principle of empathy to help its engineers design more effective products.

OB in Action

Ford Designs Products by Using Empathy

A *Harvard Business Review* article focused on the role of empathy in organizations. Here is what the author said about its use at Ford Motor Co. "Ford Motor Co. started asking its (mostly male) engineers to wear the Empathy Belly, a simulator that allows them to experience symptoms of pregnancy firsthand—the back pain, the bladder pressure, the 30 or so pounds of extra weight. They can even feel movement that mimics fetal kicking. The idea is to get them to understand the ergonomic challenges that pregnant women face when driving, such as limited reach, shifts in posture and center of gravity, and general bodily awkwardness."[33]

YOUR THOUGHTS?

1. Is this a good application of empathy? Explain.
2. Can you think of other contexts in which it would be useful to use empathy? Discuss.

9.3 GENDER, GENERATIONS, AND COMMUNICATION

MAJOR QUESTION

How do gender and age affect the communication process?

THE BIGGER PICTURE

Women and men have communicated differently since the dawn of time. So do people from varying generations. You can improve your communication competence by understanding and accommodating communication differences among men and women and various generations. This section will help you in this pursuit.

Assume you are about to work with someone who made the following statement during a strategic planning meeting. "I'm not on board with the direction this decision is going. . . . No, I'm not finished. I won't back down from this position, and I'm not going to commit my team and resources to this project until we have more conclusive evidence to work with. Period." What is your impression of this person? Would it be different if the speaker's name were Mary rather than Mark?

A team of researchers examined this question and found that women who disagreed in a forceful manner like this were evaluated more negatively than men.[34] This result held for both male and female evaluators. Let's consider two explanations.

The first is *implicit cognition,* which was discussed in Chapter 4. Implicit cognition consists of any thoughts or beliefs that are automatically activated from memory without our conscious awareness. It causes us to make biased decisions without realizing we are doing so.[35] Best-selling author Sheryl Sandberg and Professor Adam Grant commented about this bias by noting, "When a woman speaks in a professional setting, she walks a tightrope. Either she's barely heard or she's judged as too aggressive. When a man says virtually the same thing, heads nod in appreciation for his fine idea."[36]

The second explanation is linguistic styles. Deborah Tannen, a communication expert, defines *linguistic style* as follows:

> ***Linguistic style*** **refers to a person's characteristic speaking pattern.** It includes such features as directness or indirectness, pacing and pausing, word choice, and the use of such elements as jokes, figures of speech, stories, questions, and apologies. In other words, linguistic style is a set of culturally learned signals by which we not only communicate what we mean but also interpret others' meaning and evaluate one another as people.[37]

You can see how linguistic style helps explain communication differences between women and men and across generations. This section will increase your understanding of interpersonal communication across age and gender barriers.

Communication Patterns between Women and Men

There are two competing explanations about the origin of linguistic styles between men and women. Some researchers believe interpersonal differences between women and men are due to inherited biological differences between the sexes. This perspective, also called the evolutionary psychology or Darwinian perspective, attributes gender differences in communication to drives, needs, and conflicts associated with reproductive strategies used by women and men. The second perspective, social role theory, suggests that girls and boys are taught to communicate differently. Here is what these explanations suggest about male and female communication patterns.[38]

The Male Perspective Males are expected to communicate more aggressively, interrupt others more than women, and hide their emotions because they have an inherent desire to possess features attractive to females. Men also see conversations as negotiations in which people try to achieve and maintain the upper hand. Thus they feel it is important to protect themselves from others' attempts to put them down or push them around. This perspective increases a male's need to maintain independence and avoid failure.[39] Although males are certainly not competing for mate selection during a business meeting, evolutionary psychologists propose that men cannot turn off the biologically based determinants of their behavior.[40]

The Female Perspective According to social role theory, females and males learn ways of speaking while growing up. Research shows that girls learn conversational skills and habits that focus on rapport and relationships, whereas boys learn skills and habits that focus on status and hierarchies. Accordingly, women come to view communication as a network of connections in which conversations are negotiations for closeness. This orientation leads women to seek and give confirmation and support more than men.[41]

What Does Research Reveal? Research demonstrates that women and men communicate differently in a number of ways.[42] Women are more likely to share credit for success, to ask questions for clarification, to tactfully give feedback by mitigating criticism with praise, and to indirectly tell others what to do. According to *The Wall Street Journal,* women also are "more likely to add qualifiers ('I'm not sure, but . . .') and apologies ('I'm sorry to interrupt, but . . .'). When complimented on her work, a woman is more likely to downplay it, saying she was 'lucky.'"[43] These tendencies allow women to be interrupted more than men when communicating with others.[44]

In contrast, men are more likely to boast about themselves, to bluntly give feedback, to withhold compliments, to ask fewer questions, and to avoid admitting fault or weaknesses.

Generational Differences in Communication

As discussed in Chapter 4, today's workplace often includes people from four different generations—traditionalists, baby boomers, Gen Xers, and Millennials (Gen Ys). (Refer to Table 4.3 for additional details and characteristics.) Among the challenges in this scenario is the fact that different generations prefer different media, as discussed above, and they have different expectations and norms about communication.

Women are more likely to be interrupted during this meeting attended by a group of global employees. What can women do to ensure that their voices are heard and not overrun by others during a meeting? © Potstock/Shutterstock RF

The Role of Digital Devices When it comes to communication media, Millennials and Gen Xers are more likely to love their digital devices than are boomers and traditionalists. Millennials were brought up with instant messaging and texting and prefer these media over phone calls, letters, and reports. The San Francisco 49ers professional football team acknowledges these trends and is making accommodations in managing its operations.

The first thing the team did was to change the format of team meetings. Rather than lasting two straight hours, the meetings are now broken into 30-minute segments followed by a 10-minute break. Then-coach Jim Tomsula said the breaks enable players to "go grab your phone, do your multitasking, and get your fix" before returning to the meeting. The team now puts digital playbooks and weekly briefings on social media. Practice tapes are also made available on players' tablets. Finally, calendar alerts ensure that players get information about meetings and deadlines, and the team is also investigating how apps might help develop players' football skills.[45]

Communication Expectations and Norms Younger employees also are more likely to use the Internet and social media to accomplish their tasks. Patty Baxter, publisher at Metro Guide Publishing in Halifax, Nova Scotia, has firsthand knowledge of this communication pattern.

Baxter learned that advertising sales were down because her staff, all under the age of 35, were e-mailing sales pitches rather than calling potential clients on the phone. She noted, "E-mail won't cut it in professions like sales, where personal rapport matters. You're not selling if you're just asking a question and getting an answer back."[46] Baxter wanted her employees to start calling prospective clients on the phone.

Not everyone agrees, however. Stephanie Shih, 27, a marketing manager at Paperless Post in New York, concluded that phones are outdated. For Kevin Castle, 32-year-old chief technology officer at Technossus in Irvine, California, "unplanned calls are such an annoyance that he usually unplugs his desk phone and stashes it in a cabinet. Calling someone without e-mailing first can make it seem as though you're prioritizing your needs over theirs."[47]

Improving Communications between the Sexes and Generations

It's unwise to generalize any trends, preferences, or perceptions to all men, all women, or all members of a particular generation. Some men, for instance, are less likely to boast about their achievements, while some women are less likely to share the credit. Some traditionalists embrace technology and new communication practices, while not all members of Gen Y are technological whizzes. There are always exceptions to the rule. In recognition of that fact, here are some suggestions that can enhance your communication competence:

- **Clarify communication expectations and norms.** If your manager fails to discuss these, bring the topic up. It's better to understand expectations than to guess wrong. After all, you are the one who will lose if people form negative perceptions about your communication skills and patterns.
- **Use a variety of communication tools.** Regardless of your preferred mode of communication (such as face-to-face or texting), employees from all generations should use a variety of media according to the circumstances. This avoids alienating any particular generation.
- **Be aware of implicit cognition.** Don't assume, based on somebody's gender or age, that he or she only likes one mode of communication. If you find males interrupting, gently call them out. If someone is quiet in a meeting, ask for his or her opinion.
- **Make sure people get credit for their ideas and not their gender.** Sometimes a woman "will say something, and it's not acknowledged until a guy says it later," Paul Gotti, Cardinal Health's vice president of nuclear pharmacy services, says. He makes sure to credit the woman and ask her to elaborate.[48]

9.4 SOCIAL MEDIA AND OB

MAJOR QUESTION

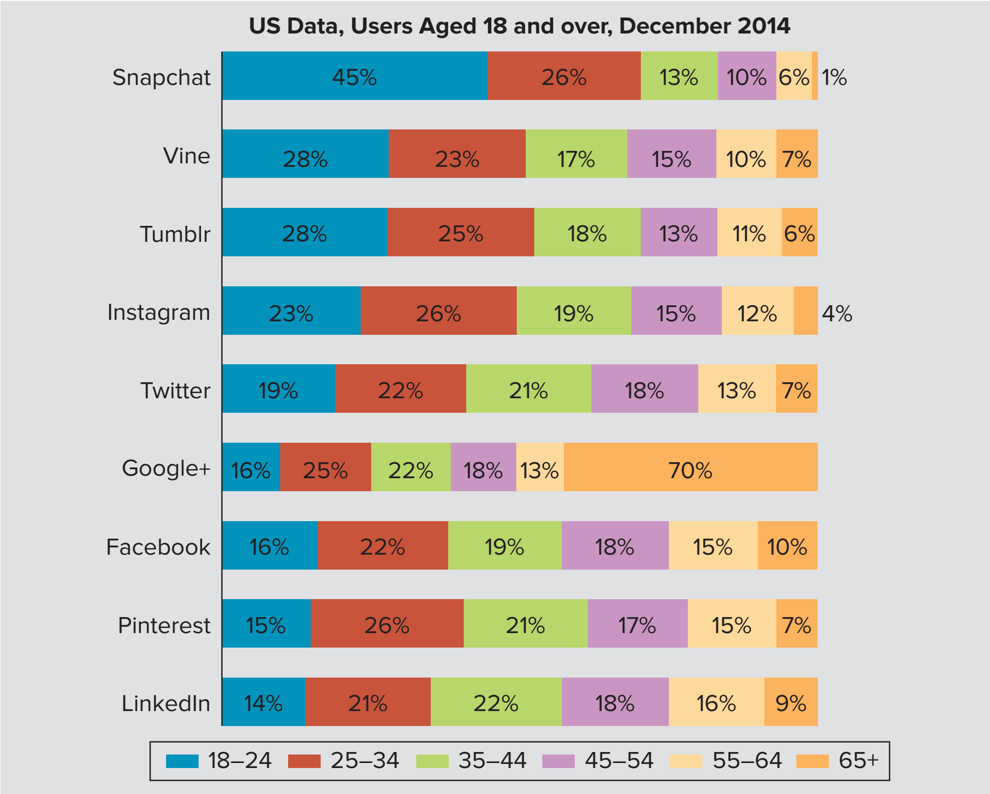
How can social media increase my effectiveness at work and in my career?

THE BIGGER PICTURE

Employers are continually challenged to reap the benefits of social media while controlling the costs. Your own knowledge and behavior are part of the solution. In this section, you'll expand your understanding of how to use social media productively, the cost of social media, the effective use of e-mail, and ways to manage issues related to social media policies, privacy, and etiquette.

Social media **use web-based and mobile technologies to generate interactive dialogue with members of a network.** Social media are now woven throughout the fabric of our lives. Their use affects many subjects covered in this book, highlighting the importance of communication as an OB topic. Social media are now used by a significant proportion of people across all age groups (see Figure 9.3 for utilization rates by age).[49]

FIGURE 9.3 AGE DISTRIBUTION AT THE TOP SOCIAL NETWORKS



SOURCE: M. Hoelzel, "Social Network Demographics," *Business Insider,* June 3, 2015, http://www.businessinsider.com.au/update-a-breakdown-of-the-demographics-for-each-of-the-different-social-networks-2015-6?r=US&IR=T.

These figures suggest that employers and managers are wise to utilize social media tools with employees of all generations. A human resource expert put it this way:

> Used correctly, social media can benefit an organization. However, if not managed effectively, it can create many legal, financial, and personnel risks. Given the potential risks and benefits of social media in the workplace, it is critical for managers to develop policies and procedures governing its appropriate use.[50]

The same applies to you and other employees. Everyone needs to realize the benefits and avoid the pitfalls of social media. To do this, let's begin our discussion with what experts and researchers say about the effects of social media on productivity.

Social Media and Increased Productivity

A driving force behind the use of all forms of technology at work, including social media, is to boost productivity. The key for employees, managers, and employers is to harness the potential and enhance performance at the individual, group, and organizational levels. The following quotation articulates this argument:

> [W]ork is becoming a place to collaborate, exchange ideas, and communicate with colleagues and customers. Your value as an employee will be determined not only by how well you perform your job but also by how much you contribute your knowledge and ideas back to the organization. The ways in which companies develop this culture of collaboration will become a significant competitive factor in attracting and engaging top talent in the twenty-first century.[51]

Social media is clearly a tool that can help both you and your employers realize these productivity benefits.

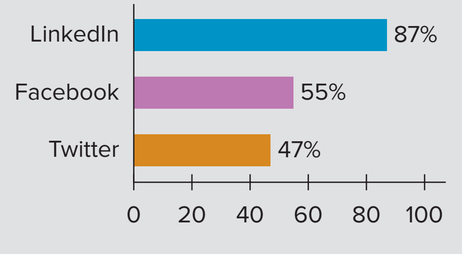
Employee Productivity Evidence is mounting that social media confers a host of benefits for employees, such as

- Increased job satisfaction and better work–life balance.[52]
- Performance and retention.[53]
- More creativity and collaboration.[54]

Two studies of thousands of employees even showed that those who used five or more social networking sites had higher sales numbers than those who used only one to four.[55] This implies that more is better for salespeople! While you should be careful about drawing broad conclusions from these findings, they are revealing.

Furthermore, if you think employees' opinions matter, you'll be interested in a study by Microsoft showing that 46 percent of employees across generations and industries felt social media tools would make them more productive at work.[56]

FIGURE 9.4 PERCENT OF RECRUITERS WHO USE VARIOUS SOCIAL MEDIA



LinkedIn, for example, is far more than an online résumé-hosting site. It is currently *the* key professional networking tool for job search. Recent surveys reveal that as many as 92 percent of recruiters use social media for hiring purposes, and, as Figure 9.4 shows, 87 percent use LinkedIn (55 percent use Facebook and 47 percent Twitter).[57] This means that nearly every recruiter is using LinkedIn, and you likely use it yourself. The following Applying OB box provides guidance on optimizing LinkedIn for you.

Another productivity benefit of social media is that they make digital information searchable. This capability can reduce the time employees spend trying to

Applying OB

How to Optimize LinkedIn

To use LinkedIn effectively you need to:

Build a Professional LinkedIn Profile. This is only the first step, but it is essential to your success.

- Focus all sections (summary and experience) to reflect your growth over time and your responsibilities in your current job.
- Consider writing your summary and experience sections in the first person and telling a story instead of using bullet points. Describe what you've accomplished and what you can do for other employers. (Include the past but don't dwell on it—include more about what you do today).
- Learn and use the appropriate keywords. LinkedIn's search function is effective and recruiters use it extensively. Learn what they are looking for and be sure to include these words in your profile.
- Spend the time necessary. Although obvious, think of what you want to achieve with your LinkedIn profile. Also, think of your profile as a living web page, something that evolves over time. Explain how your past experiences helped shape who you are today.[58]

Build a LinkedIn Network. Simply building a profile doesn't mean recruiters (or anybody else) will view it. You need to actively and wisely build and engage your connections. Some helpful pointers and etiquette follow:

- Think in terms of quality, not quantity. It's not a scoreboard. Make connections that are meaningful to you professionally.
- Don't invite people to your network blindly, and don't accept invitations without first learning why they reached out and how the connection might be relevant.
- Connect beyond your current industry and professional sphere. Drawing on diverse views is a key way to expand your own knowledge and grow.
- Use the personal note option for inviting others to connect.
- When inviting others, focus only on making the connection. Other business can wait.
- Remember that LinkedIn can be a useful introduction, but actually meeting, when possible, is a way to foster a more productive and personal relationship.

Build a Reputation. You need to offer value to others, which in turn earns you trust and respect. This requires genuine thought and attention to what you post.

- Be a resource for others by liking (means "thanks"), commenting on (means you're interested), or sharing (means you think others also will benefit) relevant information within your network.
- Always explain why you are sharing or liking content.
- Avoid controversy, criticism, and complaints. If you can't resist doing this, then don't use LinkedIn. It can torpedo your reputation.

SOURCE: Adapted from T. Burriss, "Maximize the Value of LinkedIn by Connecting and Engaging," *T+D*, March 15, 2016, https://www.td.org/Publications/Blogs/Career-Development-Blog/2016/03/Maximize-the-Value-of-Linkedin-by-Connecting-and-Engaging. See also T. Burriss, "How to Build an Eye-Catching LinkedIn Profile," *T+D*, February 4, 2016, https://www.td.org/Publications/Blogs/Career-Development-Blog/2016/02/How-to-Build-An-Eye-Catching-LinkedIn-Profile.

TABLE 9.3 SOCIAL MEDIA BENEFITS FOR EMPLOYERS

Benefit	Description
Connect in real time over distance	Employees, customers, communities, suppliers, prospective talent, and many others can communicate as needed and while work is being completed.
Collaborate within and outside the organization	Linking sources of knowledge is a means for realizing the potential of employee diversity and enhancing productivity. Social media is by definition a way of connecting people virtually, so its effective implementation benefits virtual teamwork.
Expand boundaries	Social networks can become critical means for organizational innovation and effectiveness, allowing them to utilize knowledge, skills, and experience of people outside (not employed by) the organization.

SOURCE: Adapted from L. McFarland and R. Ployhart, "Social Media: A Contextual Framework to Guide Research and Practice," *Journal of Applied Psychology,* 2015, 1653–1677.

retrieve needed information by as much as 35 percent. What would you do with 35 percent more time in a day, month, or year?[59] Finally, consider that many of social media's benefits for employees translate into benefits for their employers.

Employer Productivity Companies of all sizes and industries believe in the benefits of social media. Procter & Gamble (P&G), for instance, spends more than any other company on advertising, and it now devotes more than a third of its US marketing budget to digital media. Marc Pritchard, global brand officer, says, "Digital technology . . . is enabling P&G to expand creativity with an unprecedented delivery machine that is constantly evolving. . . . This is why P&G is quickly shifting to a digital-first approach to building brands."[60] If deployed effectively, social media enable businesses to realize the many benefits outlined in Table 9.3.

Crowdsourcing **occurs when companies invite nonemployees to contribute to achieving particular goals and manage the input process via the Internet.** Integra Gold Corp, a mining company based in Canada, illustrates the benefits of utilizing talent and resources outside the organization to meet goals. The company acquired a firm with mineral rights and six terabytes of geological surveys used to prospect for gold. Integra crowdsourced the analyses of this data instead of hiring people and managing the work itself. It is offering a prize of $811,000 to whoever finds the next multimillion-ounce gold deposit.[61]

The OB in Action box describes how other well-known companies now use social media to innovate and solve problems using crowdsourcing.

OB in Action

Expanding Organizational Boundaries with Crowdsourcing at GE, Lego, and YOU

GE Ecomagination Challenge is a crowdsourcing effort designed to solicit help creating the next-generation smart power grid. It is an innovation contest designed to foster collaboration with high-caliber entrepreneurs with useful ideas and solutions. The effort's impressive results include:

- 70,000 users across more than 150 countries.
- 3,844 ideas submitted.

© Roger Wollenberg/UPI/Newscom

- 80,000 comments logged.
- More than 120,000 votes cast.
- 12 projects received funds totaling $55 million.[62]

Lego uses crowdsourcing to help design new products. It reviews proposed designs three times a year, and people receive 1 percent of the toy's net revenue if their design is selected.[63]

If you have sought recommendations for a restaurant, a new car, or a professor on sites such as Yelp, Facebook, Twitter, or RateMyProfessor, you've used crowdsourcing too.

YOUR THOUGHTS?

1. Describe at least two ways you crowdsource and the sites you use.
2. Think of a service you use, or some element of your job, that you think would benefit from crowdsourcing. Remember to focus on how others can help you solve problems, which involves more than simply soliciting other people's opinions.

Costs of Social Media

Lost productivity due to ***cyberloafing*—using the Internet at work for personal use—** is a primary concern for employers in their adoption of social media. Some studies put the cost at $85 billion per year and report that employees spend 60 to 80 percent of their time at work pretending to do actual or legitimate work.[64]

How do employees waste time on social media?

- 50 percent are talking on a cell phone or texting.
- 39 percent are surfing the Internet.
- 38 percent are on social media.
- 23 percent are sending personal e-mail.[65]

Perhaps the biggest problem with such productivity losses is that employees rarely think about them. Have you ever thought you were cheating your employer by checking Facebook, sending a tweet, or booking a trip during work hours? Did you ever think the message you sent a friend about work might be shared and give a competitor an advantage?

Then there is shopping online while at work. A survey by Careerbuilder found that on average 47 percent of workers planned to shop online. And it seems that the greater access you have to technology at work, the more likely you are to use it to shop—71 percent of IT workers said they were likely to shop online while at work.[66]

The following Problem-Solving Application regarding fantasy football highlights the magnitude of the problem.

Problem-Solving Application

A Very Expensive Fantasy

Fantasy sports are a well-entrenched phenomenon. Tens of millions of people play, and many of them do so at work. Here are some statistics:[67]

1. The price tag for productivity lost to fantasy football was $16 billion in 2015. That's $1 billion a week during the football season.

2. The US Bureau of Labor Statistics estimates that employers should expect to lose approximately one hour of work per week for each employee who plays fantasy football.
3. Approximately 37.5 million fantasy football participants work full time.

That's only one sport. Assume you own a business and know many of your employees play in a fantasy leagues. Does this change your attitude about access to and use of social media at work? What would you do?

Apply the 3-Step Problem-Solving Approach

Step 1: As a business owner, define the problem posed by employees playing fantasy football.

Step 2: Identify potential causes of the problem.

Step 3: As the owner, make your recommendations to remedy or at least reduce the problem defined in Step 1.

Let's explore the pros and cons of e-mail next.

Make E-mail Your Friend, Not Your Foe

E-mail is not only one of the most useful communication tools but also one of biggest drains on your productivity. Recent estimates suggest that 40 percent of white-collar workers spend at least three hours each weekday checking *work* e-mail.[68] If we add in some amount of non-work e-mail, the time it consumes is truly immense! Most people acknowledge that e-mail is essential, but handling it effectively can make it your friend instead of your foe. See Table 9.4 for the benefits and drawbacks, and Table 9.5 for tips on managing e-mail.

TABLE 9.4 E-MAIL: BENEFITS AND DRAWBACKS

Benefits	Drawbacks
• **Reduced costs of distributing information.** E-mail allows information to be sent electronically, thereby reducing the costs of communicating with employees and customers.	• **Wasted time and effort.** E-mail can distract people from completing their work responsibilities.
• **Increased teamwork.** Users can send messages to colleagues anywhere in the world and receive immediate feedback.	• **Information overload.** The average corporate employee receives 171 messages a day, and 10% to 40% of these messages are unimportant.
• **Reduced paper costs.** An expert estimates these savings at $9,000 per employee per year.	• **Increased costs to organize, store, and monitor.** Systems are needed to protect privacy and preserve digital records. For instance, the Federal Rules of Civil Procedure require organizations to keep e-mail and other employment records for up to six years.
• **Increased flexibility.** Employees can access e-mail from anywhere.	• **Neglect of other media.** People unsuccessfully attempt to solve complex problems with e-mail instead of face-to-face, which would likely be more appropriate and effective. You can't communicate everything (successfully) via e-mail.

SOURCE: C. Graham, "In-Box Overload," *Arizona Republic,* March 16, 2007, A14; M. Totty, "Rethinking the Inbox," *The Wall Street Journal,* March 26, 2007, R8; A. Smith, "Federal Rules Define Duty to Preserve Work E-Mails," *HR Magazine,* January 2007, 27, 36; M. Totty, "Letter of the Law," *The Wall Street Journal,* March 26, 2007, R10; and "The Top 10 E-Mail Courtesy Suggestions," *Coachville Coach Training,* March 22, 2000, http://topten.org.content/tt.BN122.htm.

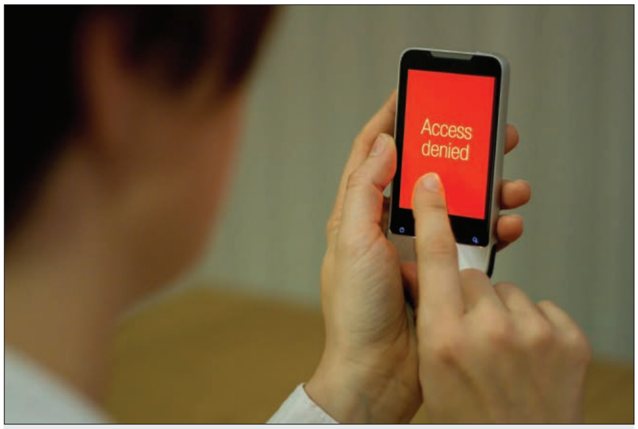
TABLE 9.5 E-MAIL: TIPS FOR MANAGING

Tip	Description
Do not assume e-mail is confidential.	Employers are increasingly monitoring employees' e-mail. Assume all your messages can be read by anyone.
Be professional and courteous.	Delete long message streams, don't send chain letters and jokes, don't type in all caps (it's equivalent to shouting), wait and consider before responding to a nasty e-mail, refrain from using colored text and background, don't expose your contact list to strangers, and be patient if you must wait to receive a reply.
Avoid sloppiness.	Use a spell checker or reread and edit your messages before sending.
Don't use e-mail for volatile, complex, or highly personal issues.	Use a medium that is appropriate for the situation at hand.
Keep messages brief and clear.	Use accurate subject headings and let the reader know what you want up front.
Save readers time.	Type "no reply necessary" in the subject line or at the top of your message if appropriate.
Be careful with attachments.	Large attachments can crash someone's system and use up valuable time downloading. Send only what is necessary, and get receivers' permission to send multiple attachments.

SOURCE: C. Graham, "In-Box Overload," *Arizona Republic,* March 16, 2007, A14; M. Totty, "Rethinking the Inbox," *The Wall Street Journal,* March 26, 2007, R8; A. Smith, "Federal Rules Define Duty to Preserve Work E-Mails," *HR Magazine,* January 2007, 27, 36; M. Totty, "Letter of the Law," *The Wall Street Journal,* March 26, 2007, R10; and "The Top 10 E-Mail Courtesy Suggestions," *Coachville Coach Training,* March 22, 2000, http://topten.org.content/tt.BN122.htm.

Social Media Concerns and Remedies—What Companies and You Can Do

Of course *some* employees waste time. This has been and always will be true. But when it comes to social media, approximately 36 percent of employers now block employees' access to social media sites at work (up from 29 percent in 2012).[69] However, evidence is growing that this strategy can backfire.



Companies must of course protect their own interests, such as lost productivity and legal liability. Many experts, however, warn against actually blocking employee access to social media or other websites. The costs could be larger than the benefits. They instead recommend companies create and implement other solutions. © Robin Lund/Alamy RF

Be Careful about Blocking Access

Banning access can damage employee morale and loyalty—potentially leading to even greater losses in productivity. Some experts argue, and most employees would agree, that small breaks during the workday help boost productivity. Such breaks can take the form of going outside to get a breath of fresh air, talking with a colleague over a cup of coffee, checking personal e-mail or Facebook, or checking and sending tweets.[70]

If these reenergizing benefits of social media breaks are not convincing enough for you or your employer, consider other potential and undesirable results of the blocking policies:

- ***They could alienate employees.*** Young, old, or in between, many people are accustomed to being plugged into social sites throughout the day. Blocking their access can be off-putting. Moreover, organizations can block access on company devices, but most people have smartphones, tablets, and other devices of their own. As a result, many employees continue their typical use of social media but simply do so on their own devices—still on company time.
- ***You can't have it only one way.*** If employers expect employees to be connected and responsive 24/7 to work-related e-mails, such as those from managers, coworkers, clients, or suppliers, it seems only fair to also allow them to reasonably tend to their own business during work hours. This is especially true if employees work both within and outside prescribed hours (such as at home in the evenings or on weekends).
- ***Blocking suggests a lack of trust.*** As one tech business reporter put it: "Banning social media may send a message to your employees that you don't trust them. . . . This can cause a sharp divide in the team atmosphere you want to create."[71] It is difficult to manage and influence others without trust, and one of the basic ways of gaining trust from others is to trust them first.

In 2016 alone, more than two dozen states either passed or had pending legislation to prevent employers from demanding passwords and access to employees' social networking sites.[72] Whether an organization will consider adopting such practices depends in part on leaders' social media attitudes.

Assess and Manage Leadership's Social Media Attitudes Consider the social media readiness of an organization to which you belong. Self-Assessment 9.3 helps you assess leadership's attitude toward social media, such as:

- How supportive management is of creating communities.
- How well the culture fosters collaboration and knowledge sharing.
- How widely social media is used to collaborate.

With this knowledge you can determine how well your own attitudes fit with those of the organization, and it may even unveil opportunities for you to improve the organization's readiness.

connect SELF-ASSESSMENT 9.3

Assessing Social Media Readiness

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 9.3 in Connect.

1. Which of the dimensions has the highest score?
2. What are the implications for employees/members?
3. What are the implications for the organization and its interactions with stakeholders other than employees/members?
4. Which dimension is the lowest?
5. Describe two things that could be done to improve the organization's social media readiness.

If the attitudes you find are not as positive as you would like, have no fear. Attitudes can be changed. Favorable leadership attitudes open the door to developing and implementing productive social media policies.

TABLE 9.6 EIGHT ELEMENTS OF AN EFFECTIVE SOCIAL MEDIA POLICY

Element	Description
Create safe channels for employees to air their concerns before going online.	The key words here are *safe* and *before*. Conflicts happen, but managers and organizations should provide means by which employees' concerns are reported and handled without retaliation so they don't feel the need to take them to the Internet.
Clarify what is confidential.	Clearly explain what information employees can and cannot share online. Providing an approval process for the release of information may help too.
Outline consequences for violations.	Make it known that employees can be held responsible for what they post (such as videos of undesirable behavior on the job or in company uniform), and list the consequences.
Designate a spokesperson for online policies.	You don't want every employee fielding questions about company policies; identify a spokesperson(s) so interpretations and communications are consistent.
Discuss appropriate ways to engage others online.	It is typically a poor idea to have any and all employees responding to others' comments about the company online. Instruct them to be polite and nonconfrontational, and then to notify the designated person to respond.
Explain what is considered illegal.	It is illegal to divulge proprietary information and to violate trademarks and copyrights. The organization is responsible for educating employees on these matters.
Align social media policy with the organization's culture.	Your company's social media policy is a great place to reaffirm what you want your company culture to be, while conveying your stance on this serious topic.
Educate employees.	It's not enough to have a social media policy; it is necessary to educate and train people about it and to embed it in social media practices. (One of the authors, for instance, could not locate a social media policy, or a person responsible for it, at his university.)

SOURCE: Adapted from A. Akitunde, "Employees Gone Wild: Eight Reasons You Need a Social Media Policy TODAY," *Open Forum,* August 15, 2013, http://www.openforum.com/articles/employee-social-media-policy/, accessed September 9, 2013.

Adopt a Social Media Policy Despite the pervasive use of social media, fewer than 50 percent of companies have an actual social media policy.[73] If the costs and concerns noted above aren't enough to motivate your employer to create a ***social media policy*** **that describes the who, how, when, and for what purposes of social media use, and the consequences for noncompliance,** consider what can happen without such a policy. Do you recall the photos and videos of Taco Bell and Domino's Pizza employees in disgusting acts with food? "These viral moments do more than turn stomachs," writes business commentator Anthonia Akitunde. "[T]hey point to a troubling trend: employees abusing social media on the job to the detriment of the brand."[74]

One way to help prevent such nightmares is to create, communicate, and enforce effective social media policies. The elements of an effective social media policy are outlined in Table 9.6.

The OB in Action box below describes the Coca-Cola Co.'s social media policy.

OB in Action

Coca-Cola's Online Social Media Principles

Coca-Cola Co. formulated its policies with the motive "to help empower our associates to participate in this new frontier of marketing and communications, represent our Company, and share the optimistic and positive spirits of our brands . . . we always remember who we are (a marketing company) and what our role is in the social media community (to build our brands)."[75]

1. **Adhere to Coke's Code of Business Conduct and Other Policies.** All employees, from the chairman to interns, must abide by our codes governing information protection, privacy, insider information, and disclosure.
2. **You Are Responsible for Your Actions.** Anything you post that can potentially tarnish the Company's image will ultimately be your responsibility. We do encourage you to participate in the online social media space, but urge you to do so properly, exercising sound judgment and common sense.
3. **Be a "Scout" for Compliments and Criticism.** If you encounter comments online you feel are important, then please forward them to the designated online media office (e-mail address included).
4. **Let the Experts Respond to Negative Posts.** If you see negative or disparaging comments online, please do not engage but instead forward these to those trained to address such concerns (e-mail address included).
5. **Be Wise When Mixing Business and Personal Lives.** "Our worlds intersect online. The Company respects the free speech rights of all of its associates, but you must remember that customers, colleagues and supervisors often have access to the online content you post. Keep this in mind . . ." as information intended for family and friends can be forwarded. "NEVER disclose nonpublic information of the Company, and be aware that taking public positions online that are counter to the company's interests may cause a conflict."

YOUR THOUGHTS?

1. What are two benefits you see in Coca-Cola's social media policy?
2. What gaps do you notice, based on your experiences with social media at work and what you've studied in this chapter?

Privacy Any discussion of the effective use of social media by employees or their employers must include privacy issues. People and companies have reputations, which are built over time and can be extremely consequential professionally. They can also be damaged in a variety of ways, with serious consequences including loss of employment or business, social stigma, embarrassment and stress, lost opportunities, and, of course, legal action. Many lawsuits now routinely include the content of online profiles, e-mail, instant messaging, videos, photos, and other information retrieved from social media to make the cases for and against individuals and organizations.[76]

Social media privacy becomes even more elusive given that better than 60 percent of employees report they are connected to at least one coworker and over 40 percent with an immediate supervisor.[77] About 77 percent of employees say they use social media at work, but only 36 percent say it is allowed. This means a large percentage of employees are likely ignoring whatever social media policies, and associated privacy guidelines, may exist.[78]

About one-third of employees who use a mobile device for work said they "would quit if their employer could see their personal information." Employees are especially concerned about employers having access to personal e-mails and attachments, voice mail, text and instant messages, lists of apps on their devices, information in their mobile apps, and their location.[79]

What can employers do? Sean Ginevan, a director at MobileIron, a mobile device management firm, recommends the following:

1. Communicate what personal information from mobile devices is accessed by the employer.
2. Be sure employees understand what is accessible depending on the operating system used on their device (Apple or Android).
3. Create and communicate clear and sensible policies regarding potential employer actions regarding information on employees' mobile devices.
4. Do all of this when employees are setting up their devices, which is when they are most likely thinking about and can do something about such matters.
5. Tell employees that anything on the company's e-mail server is saved for legal purposes.
6. Use the available privacy controls.[80]

To emphasize the importance of privacy for employers, Ginevan says chief information officers "need to protect employees' privacy as fiercely as they protect corporate security. . . . That goal can absolutely be achieved today."[81]

What Can You Do to Protect Yourself and Your Personal Brand (Reputation)?

To protect your own reputation, first consider the recommendations above and other things you've learned in this chapter. You also may be well served to keep the arenas of your life separate in cyberspace, at least to the extent possible. Stephanie Marchesi, senior partner and CMO of the marketing firm FleishmanHillard, was well known for maintaining four devices to segment her professional and personal worlds. She kept an iPhone and iPad for family and social uses and a BlackBerry and laptop for work. She also had separate e-mail accounts and calendars, so members of one world could not see into the other.[82] Establishing and maintaining multiple accounts, and using discretion about what you post, can be quite a challenge. But think of the potential implications—your reputation and your job!

If you don't know what your company's policy is, ask. One of the authors did so and was told by its IT director that the university knew which porn websites were being viewed at the fraternity houses.

Social Media Etiquette Before leaving this section we want to raise the issue of "appropriate use." Norms of acceptable social media behavior at school, work, and socially are evolving, and it pays to be mindful of them.

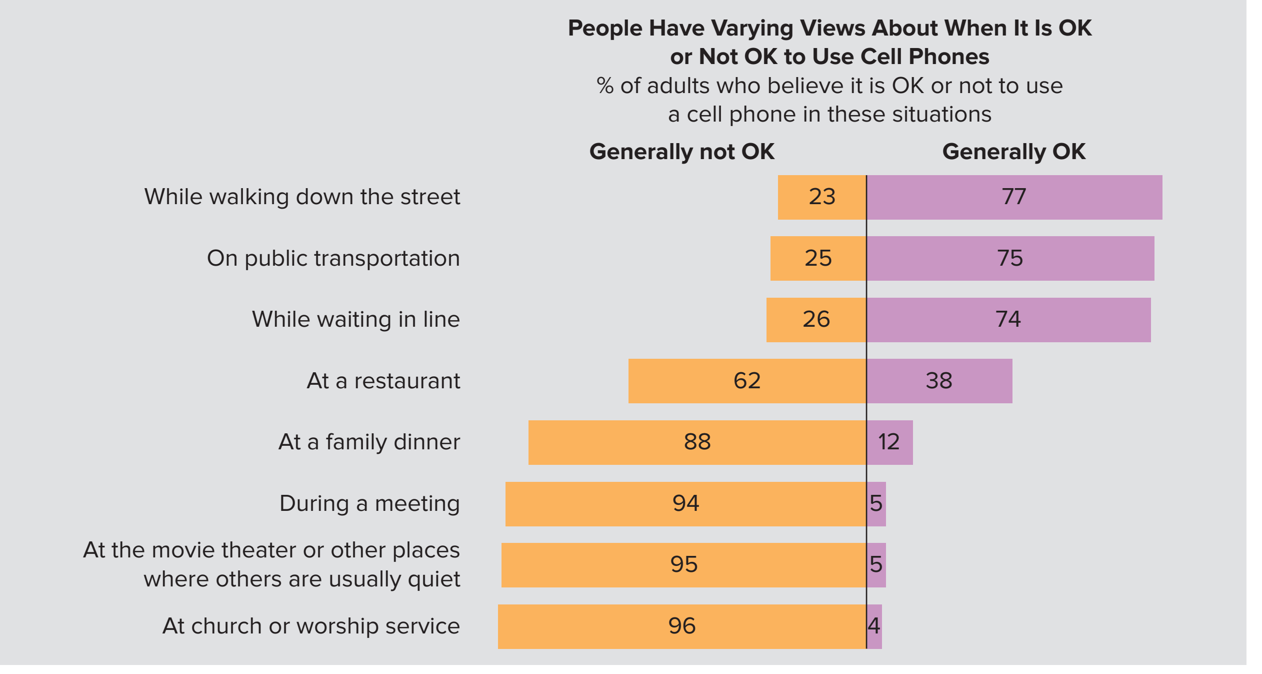
Cellphones Because they are like extensions of our hands, cell phones are with us everywhere, at dinner, at work, in class, in bed, and in the bathroom. Figure 9.5 shows results of a recent survey. But before you read it, remember that just because X percentage of people think something is OK, that doesn't mean it is OK.

Here's a good test: The next time you pull out your phone, for instance, during dinner at a restaurant or when visiting with a friend, ask yourself, *Is what I'm doing or looking at going to enhance my interaction with the other person here and now?* If it isn't, don't risk being rude—put the phone away.

Videoconferencing Skype, Google Hangouts, and other services are growing in popularity every year. They provide far richer communication than texts, e-mails, or even phone calls. From an employer's perspective they also save on travel costs. But effectively communicating on camera is quite different from doing so in other media. Videoconferencing has its own code of conduct. A number of do's and don'ts are outlined in Table 9.7.

Now let's move beyond social media and learn about how to deliver killer presentations, conduct crucial conversations, and manage up.

FIGURE 9.5 PEOPLE'S VARYING VIEWS OF CELL PHONE USE



SOURCE: http://www.pewresearch.org/fact-tank/2015/08/26/key-findings-about-etiquette-in-the-digital-age/.

TABLE 9.7 VIDEOCONFERENCING DO'S AND DON'TS

Do's and Don'ts	Explanations and Helpful Tips
DON'T type during the call.	It's distracting and shows you aren't paying attention. If you must take notes *related to the call,* then do so on paper or hit the mute button.
DO make eye contact.	It is difficult to see what's on the screen while staring at the camera, so eye contact is necessary only when you are presenting material or speaking. (Tip: Move the video chat window near the computer's camera.)
DON'T eat.	If you wouldn't bring your sandwich to the boardroom, then don't eat during your videoconference.
DO discourage interruptions.	It can be difficult to avoid interruptions, depending on your workspace. But if you're able, put a note on your door saying you are in a conference and please do not disturb. If you work in a cubicle or in an open space, write "on video call" on a piece of paper and hold it up if interrupted.
DON'T disconnect without notifying someone.	If you are going to the restroom during a group call, say you'll be back in a minute. If you are disconnecting completely, say so. It is unproductive for everybody if someone is talking to you assuming you're still on the call, only to learn you're not.
DO include others.	Don't forget any of the people in remote locations during a group call. Better still, provide cues and opportunities for them to join in.

9.5 COMMUNICATION SKILLS TO BOOST YOUR EFFECTIVENESS

MAJOR QUESTION

How can I increase my effectiveness using presentation skills, crucial conversations, and managing up?

THE BIGGER PICTURE

Presenting, crucial conversations, and managing up—master these communication skills, and they will enhance your performance and career success throughout your life. These individual-level process skills make you more effective when working with others and influence a host of outcomes at both the individual and group levels in the Organizing Framework for OB.

Some jobs require you to present regularly and others never. How well you present can greatly affect others' perceptions of you and your professional opportunities. We devote this section to practical skills to help make you a more effective presenter. Improving your presentation skills is always valuable, given that relatively few people are truly at ease or actually enjoy speaking or presenting to a group.

Presenting—Do You Give Reports or Do You Tell Stories?

You should probably start by answering the question in the above heading. Reports are packed with data and information and can be exhausting in their detail. Stories, in contrast, are short in all these elements but are rich in emotion and help the presenter connect with the audience.

As you learned earlier, different communication media are better than others for any given message. The challenge for you is to know what your audience wants and needs, and then to construct and deliver your presentation accordingly. It generally is more effective if you present your message more as a colorful story with emotion than as a detail-laden report. The people who organize the TED (Technology, Education, Design) talks have a five-step protocol they use to guide their presenters to deliver with impact.[83]

Step 1. Frame your story.

Step 2. Plan your delivery.

Step 3. Develop your stage presence.

Step 4. Plan your multimedia.

Step 5. Put it together.

Let's consider these steps in more detail.

Step 1—Frame Your Story Think of your presentation as a journey and decide where you want to start and end. Consider what your audience already knows about your subject, start there, and quickly explain why it matters to you or why it should matter to them. Include only the most relevant details or points and try to bring them to life with examples.

Don't try to do too much. Don't just skim over all possible points either, but instead pick the best and dive deeper into each of those.

Beware of jargon, boasting, and mind-numbing details. Plan to end your journey with a solution, or even with a question to spur audience engagement and give them something to think about afterward.

For example, you have learned about and applied a 3-Step Problem-Solving Approach throughout this book. Perhaps your presentation might be structured similarly—what is the problem, what are potential causes or explanations, and what is your recommendation for action.

Amy Cuddy is a social psychologist who studies body language. She argues that the way we hold and present ourselves affects the way others perceive us *and the way* we perceive ourselves. Her TED Talk is one of the most frequently viewed online. © Craig Barritt/Getty Images

Step 2—Plan Your Delivery There are three basic ways to deliver a talk:

1. Read it from a script.
2. Use bullet lists that outline what you will cover in each section.
3. Memorize everything you wish to say and REHEARSE.

Reading generally is ineffective. You will almost certainly lose your connection with the audience, if you ever connect in the first place. (TED forbids presenters to read.) Memorizing can work, if your audience is expected to simply sit and listen, but it takes a tremendous amount of time and practice. Unless you have your presentation completely ingrained in your memory, your audience can easily realize you are not as prepared as you hoped. If you use the bullet list approach, be sure you know not only the content for each point, but also how you want to transition from one to the next.

Step 3—Develop Your Stage Presence Getting your story or message right is more important than the way you stand or whether you appear nervous. Nevertheless, beware of how much you move—not too much or too little.

If you're really nervous, pay particular attention to your lower body to prevent rocking or shifting from one leg to the other. Walking around is fine, if it is natural for you. But if it is not, then you may be well served to stand in particular spots for different lengths of time or when making certain points. The nonverbal communication pointers you learned earlier in this chapter are helpful too.

Your body aside, the most important element of stage presence is eye contact! Find a handful of friendly faces around the room and deliver your talk while looking them in the eyes.

We cannot learn about presenting without addressing public speaking head-on. The following Applying OB box provides suggestions. When combined with the TED protocol, it should help you overcome your nervousness and light up the room.

Former Microsoft CEO Steve Ballmer was famous for his explosive, sweat-drenched presentations at company meetings. He would race across the stage, wave his arms, and yell like a cheerleader. Although few employees at any rank or in any company would communicate in such a manner, many believed it was incredibly effective for Ballmer. It became a signature of his communication style and reflected his larger persona. © Adam Berry/Getty Images

Applying OB

How to Dazzle the Crowd—Tips on Public Speaking

As Jim Moore, press secretary and speech writer for the Obama White House, said, “You give speeches every day to family, friends, colleagues, and, yes, even to strangers. Your daily conversations are nothing more than mini speeches in casual clothes. If you can talk to one person, you can talk to an audience of thousands. Really.”[84]

1. *Remember they are rooting for you.* The audience most often is on your side and hopes you give a good presentation, if for no other reason than that they don’t want to sit through a bad one.
2. *Know your audience.* You don’t have to be an expert on your audience or know everything they know. However, know enough to make a few meaningful, audience-specific comments and show that you care and your insights are relevant for them.
3. *Compliment the audience.* Building on No. 2, make your audience feel special by acknowledging what they do and its importance. For instance, if talking to a group of executives, tell them they’ve worked very hard and accomplished a lot. Or, if their jobs are especially difficult and uncelebrated, such as nurses or teachers, acknowledge this and tell them how important their work is and how much it’s appreciated.
4. *Be snazzy, not distracting.* Your clothes, jewelry, and any other accessories should be neat and match your audience. Don’t wear a suit or dress to a construction site, or construction boots to present a keynote at a conference. Be sharp but don’t wear anything that will cause people to comment. You want to exude confidence but not generate fodder for the next TMZ episode.
5. *Unshackle yourself.* If possible, and it is most often possible, lose the podium. Too often presenters shackle themselves to the podium, which is a physical barrier between you and the audience and ties you to one spot. Have you ever seen an excellent presentation and thought it would have been better still if the speaker had stayed behind the podium? Of course not.
6. *Be funny if you can, but don’t try too hard.* Everybody likes to be funny, and when it works and is appropriate it’s great, but when it doesn’t it can be disastrous. Don’t try too hard, but if you have something that you are confident will work with the audience, use it.
7. *Be gracious.* Thank the host, the audience, and the organization that invited you. Even if the content of your presentation will change their lives, it nevertheless is your privilege to have the opportunity to do so. Express your gratitude.

Adapted from B. Liu, “5 Simple Ways to Become a More Impressive Public Speaker,” *Inc.com,* June 30, 2015, http://www.inc.com/betty-liu/5-easy-ways-to-improve-your-stage-presence.html; and from J. Moore, “How Anyone Can Become a Good Public Speaker,” *Time,* April 1, 2015, http://time.com/3758692/become-good-public-speaker.

As for nervousness, there are many ways to help overcome this, and many of them you’ve learned in this book. For instance, what you learned about self-efficacy in Chapter 3 can be especially helpful, and preparation is a critical element in building your efficacy. But perhaps one of the most useful things you can do to overcome nervousness is to realize that people expect you to be nervous. Don’t make too much of it.

Step 4—Plan Your Multimedia Don’t feel compelled to use the latest and greatest technology, or any technology at all. But whatever you choose, keep it simple and don’t let it distract the audience. If photos or images are appropriate, use them. People respond differently to pictures and videos, which convey emotional content better than words.

TABLE 9.8 10 TIPS FOR MORE EFFECTIVE POWERPOINT PRESENTATIONS

Tip	Put It in Action
1. Write a script	Figure out what you want to say—beginning, middle, and end—before trying to put it on slides. Too many people start with slides and then fill in content.
2. Show one thing at a time	The only thing on the slide should be what you are talking about. If you put multiple points on the slide, then people will always read ahead and not focus on what you're saying.
3. Don't paragraph	Don't put everything you want to say on a slide. No "big blocky chunks of text," otherwise you will kill a room full of people—cause of death, terminal boredom poisoning.
4. Pay attention to design	Avoid the temptation to dress up your slides with cheesy effects and focus instead on simple design basics. Use simple font styles, sizes, and colors; place dark text on light backgrounds; and avoid clutter.
5. Use images sparingly	Some people think images are stimulating and others think they are distracting. Split the difference.
6. Think outside the screen	YOU are the focus when you're presenting, no matter how interesting your slides are.
7. Have a hook	Open with something surprising or intriguing to hook your audience. The best openers are often those that appeal to the audience's emotions—wow them, scare them, surprise them.
8. Ask questions	Questions engage the audience and pique their interest, so use them!
9. Modulate	Speak as you speak to your friends rather than reading index cards. Keeping a lively and personal tone of voice can go a long way.
10. Break the rules	Feel free to violate any of these rules if you think it's a good idea. Breaking rules because you have a good reason is different from not following them because you didn't know.

SOURCE: Adapted from D. Wax, "10 Tips for More Effective PowerPoint Presentations," *Lifehack,* November 24, 2012, http://www.lifehack.org/articles/technology/10-tips-for-more-effective-powerpoint-presentations.html, accessed October 7, 2013.

However, if you use video clips, try to keep them to 60 seconds or less to prevent losing people's attention.

PowerPoint is widely used. As one business writer aptly described: "bad PowerPoint happens to good people and quite often the person giving the presentation is just as much a victim as the poor sods listening."[85] The tips in Table 9.8 are very helpful.

Step 5—Put It Together Be prepared far enough in advance; think weeks if possible, not days, hours, or minutes. If you practice in front of others, which is a good idea, be selective. Anybody in the practice audience role will feel compelled to give you feedback, but you need valuable feedback, not just any feedback.

Preparation aside, remember to focus on the framing and substance of your journey and don't get too wrapped up in the other steps and details. If you don't think you have a compelling story, go back to the drawing board and create one.

Lastly, be yourself. Use these steps as a guide and learn from them, but don't try to copy somebody else.

Crucial Conversations

"Crucial conversations **are discussions between two or more people where (1) the stakes are high, (2) opinions vary, and (3) emotions run strong."**[86] Such conversations can and do occur in all arenas of your life—school, work, and socially. Examples of relevant occasions include:

- Ending a relationship.
- Talking to a coworker or classmate who behaves offensively.
- Giving the boss or a professor feedback.
- Critiquing a classmate or colleague's work.
- Asking a roommate to move out.
- Talking to a team member who isn't keeping commitments.
- Giving an unfavorable performance review.[87]

Recall what you learned in Chapter 6 related to feedback, because it also is very helpful with most crucial conversations. The consequences of these encounters can be enormous for your job and career. Handling difficult communications effectively can prevent problems, motivate teams members, increase collaboration, and improve bottom-line results.[88]

When confronted with high-stakes interactions, you have three choices—avoid them, face them and handle them poorly, or face them and handle them well. We'll focus on the last one. But first let's explore why people often do so poorly in crucial situations, and it will also serve as a bit of review of things you've learned already.

When It Matters Most, We Often Do Our Worst Joseph Grenny, who cowrote the book *Crucial Conversations,* said this: "When conversations turn crucial, most of us toggle between some form of silence or verbal violence: Either we withdraw from sharing our information or try to force it on others by raising our voice or overstating our point. Ironically, when it matters the most we do our very worst."[89] Our negative emotions (see Chapter 3) kick in, and the fight-or-flight response takes over.

Moreover, crucial conversations often happen unexpectedly, which means we typically are unprepared. When this happens, again, negative emotions can dominate and self-efficacy decline. Knowledge on positive emotions and positive OB can help you in crucial situations. Specifically, a good way to prepare for crucial conversations is to foster your own positive state. Then you can use the STATE technique, described next, to conduct your crucial conversations more effectively.

STATE: How to Be Effective When It's Crucial The acronym STATE will help you address even the most difficult conversations with a plan or path to follow.

- **Share your facts.** Start with the least controversial, most persuasive elements that support what you want for yourself and for the relationship.
- **Tell your story.** Enhance what you want by describing what has happened, how you've arrived where you are, how you'd like to see it change, and why. It may help to add what you *don't* want personally or for the relationship.
- **Ask for others' facts and stories.** This is key to creating dialogue, which is essential if you're to have a productive crucial conversation. Don't *talk at* but instead *talk with* others. Approach all crucial conversations as two-way exchanges. Don't be accusatory, but instead simply describe the situation, the way you feel, and what you would like to see happen. Use "I" instead of "you."

Many of your important conversations with coworkers, friends, and classmates are full of emotions. Applying some of the communication skills and tools described in this chapter can help you improve the outcomes of crucial and high-stakes conversations.

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- **Talk tentatively.** Keep in mind that you're telling a story, not stating facts. The facts come first, then you can add "color" or describe the impact on you via your story. In other words, don't pound the podium and talk like you're "preaching" facts.
- **Encourage testing.** Make it safe for others to share their (opposing) views. Allow them to share or test their ideas, thoughts, and feelings. Don't interrupt, steamroll, or intimidate. It is critical to maintain mutual respect during crucial conversations. One way to do this is to explain and focus on mutual purpose—what you both stand to gain. Be sure the other person respects you in order to avoid defensiveness (recall what you learned earlier in this chapter) and conflict. If it's appropriate, apologize to get back on track.[90]

TAKE-AWAY APPLICATION

Planning a Crucial Conversation

1. Think of somebody with whom you need or want to have a crucial conversation.
2. Use STATE to guide your planning.
3. Schedule and have the crucial conversation. Then review the way it went using STATE to see how well you did and what benefits both parties gained.

Managing Up

You learned in Chapter 6 about more contemporary forms of feedback (such as 360 degree), and that knowledge is helpful here. We are going to build on that and on crucial conversations to give you some guidance on how to manage your boss.

Gauge Receptiveness to Coaching Many organizations now claim they believe in the merits of employee involvement and feedback, even upward feedback. Note that translating these values into action requires skill. The place to begin is by assessing your manager's receptiveness. Regardless of your organization's policy or comments from senior leadership, if your manager is not receptive, you're wise to put your efforts elsewhere. You can't coach a boss who doesn't want to be coached. To gauge receptiveness, you can:[91]

1. Learn your manager's view of you coaching. What are his or her expectations? What are yours?
2. Explain what's in it for him or her.
3. Ask for permission to provide coaching or feedback. For instance, "Would you mind if I share a different perspective, one that might help us solve the problem?"
4. Find out how best to deliver criticism. Learn where, when, and how your manager wants to hear criticism—in the moment, in private, via e-mail, face-to-face, or another way.
5. Ask for agreement and commitment. After the first two items in this list, confirm that your boss is interested.

A boss who is receptive to coaching is especially valuable. But be careful, don't assume because you may appreciate coaching *from your boss,* that she or he will appreciate *coaching from you*. Gauge your boss's receptiveness first.
© PeopleImages/Getty Images RF

What to Do Next If your boss is receptive to upward feedback, follow the steps in Table 9.9. If your boss is not receptive, read the table anyway. It provides helpful insight for managing others and helping others manage you.

TABLE 9.9 HOW TO MANAGE UP

Steps	Description
Step 1—Prepare your message.	Unlike crucial conversations that often happen in the moment, attempts to manage up or coach your boss are an agreed-upon arrangement that occurs over time. Therefore, use time to your advantage and prepare. • Know what you want to accomplish, • Support your points for your manager with examples, data, or other evidence.
Step 2—Plan your delivery and tactics.	Plan your delivery of your message—the tone and choice of words that will most likely achieve your desired result. Role-playing is a very valuable practice tool—use it!
Step 3—Deliver.	When conducting the coaching conversation, be sure you: • *Are sensitive.* Your boss has feelings just like you, and just as you don't like to get hammered with comments about how horrible and disappointing you are, neither does your boss. • *Don't generalize behavior.* Speak to specific areas of your boss's job, specific behaviors, and specific situations. • *Provide ideas or suggestions.* Don't introduce your ideas as if they are the only ones that will work, or use language like "you must" or "you should."
Step 4—Follow up.	Coaching and managing both consist of more than simply providing feedback. Follow up to see how your boss has been doing in the areas discussed. Also ask what else you can do to help him or her in the future.

SOURCE: Adapted from M. Rosenthal, "Constructive Criticism for Managers," *Training,* July/August 2013, 64; and C. Patton, "Coaching Up," *Training,* July/August 2013, 29–31.

TAKE-AWAY APPLICATION

Practicing My Managing Up Skills

Apply Table 9.9 to manage up.

1. Think of somebody who has authority over you, either at work, at school, or in another organization to which you belong.
2. Which step of the managing-up process do you think will be most difficult with the person identified in No. 1? Explain.
3. Which do you (and others) most often overlook when trying to manage up? Why?
4. How could this approach to managing up be improved? Are any steps missing? Explain.

We conclude this section with words of wisdom from Dana Rousmaniere, a contributor to the *Harvard Business Review* series on managing up:

> The most important skill to master is figuring out how to be a genuine source of help—because managing up doesn't mean sucking up. It means being the most effective employee you can be, creating value for your boss and your company. That's why the best path to a healthy relationship begins and ends with doing your job, and doing it well.[92]

What Did I Learn?

You learned that you can become a more effective communicator by understanding communication as a process that operates at all levels of the organization. You learned about the differences and similarities between genders and generations, as well as the benefits and costs of social media. You also explored how the proper approach to communication can allow you to manage up to higher levels in the organization and how to prepare for crucial conversations. Reinforce your learning with the Key Points below. Then consolidate your learning using the Organizing Framework. Challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 9

You learned the following key points.

9.1 BASIC DIMENSIONS OF THE COMMUNICATION PROCESS

- All communication involves a sender, message, and receiver.
- Noise has many sources and types and can interfere with communications.
- Choosing the appropriate medium is critical for effective communication.
- Media richness helps convey information and promote understanding. It is influenced by feedback, channel, type, and language source.

9.2 COMMUNICATION COMPETENCE

- Communication competence refers to an individual's ability to effectively use communication behaviors in a given context.
- Nonverbal communication is a component of effective communication and includes many potential elements, such as body movements and gestures, touch, facial expressions, and eye contact.
- Listening is the process of actively decoding and interpreting verbal messages. Four common listening styles are active, involved, passive, and detached.
- The feeling of being attacked or threatened is the cause of defensive communication.
- Empathy, the ability to recognize and understand another person's feelings and thoughts, is an important communication skill.

9.3 GENDER, GENERATIONS, AND COMMUNICATION

- Linguistic style is a person's characteristic speaking pattern.
- Women and men communicate differently. Women are more likely to share credit and ask clarifying questions, and men are more likely to give blunt feedback and withhold compliments.
- Each generation has its own communication norms and preferences.
- It's a mistake to generalize anything we know about communication and apply it to entire genders or generations.

9.4 SOCIAL MEDIA AND OB

- Social media can increase employee and employer productivity.
- The use of social media at work also has many costs, some potentially significant.
- E-mail can increase teamwork and flexibility and reduce costs of paper and the distribution of information. But it also has costs: wasted time, information overload, and increased time and money costs to organize, store, and monitor.
- Social media policies help outline what is expected and what is forbidden. They also help guard employers against liability and undesirable events.
- Organizations need to monitor and manage privacy in the digital space. Individuals must monitor and manage their personal brand (their reputation) and their employer's.
- Mobile technology etiquette is evolving. Different contexts and different technologies come with different norms and expectations.

9.5 COMMUNICATION SKILLS TO BOOST YOUR EFFECTIVENESS

- Effective presenters are more likely to tell stories than give reports. It is helpful to frame your story, plan the delivery, develop stage presence and multimedia, and put it all together.
- Crucial conversations are those between two or more people in which the stakes are high, opinions vary, and emotions run strong.
- Managing up is more effective if you gauge your manager's receptiveness, ask permission to provide feedback/input, prepare your message, plan your delivery and tactics, and follow up.

The Organizing Framework for Chapter 9

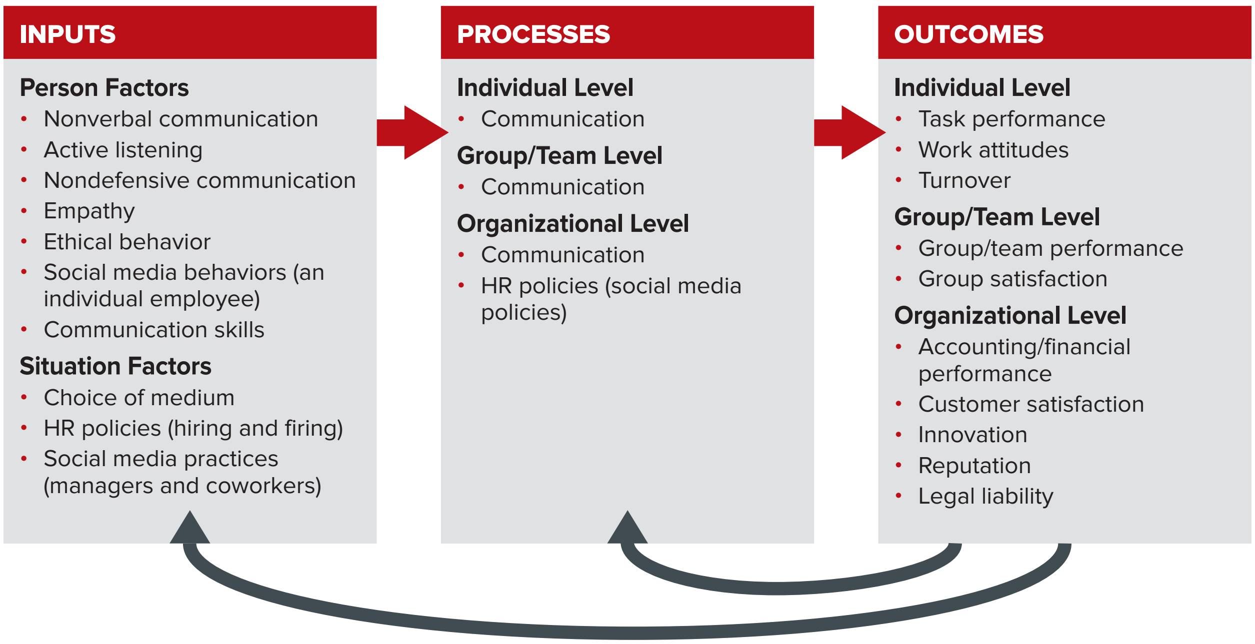
As shown in Figure 9.6, communication is a key individual-, group/team-, and organizational-level process. We explored a host of inputs, both person factors (nonverbal communication, active listening, empathy, communication skills, and social media behaviors) and situation factors (choice of communication medium, HR policies, and social media practices of your manager and coworkers). You learned that communication links to outcomes across the three levels of OB. At the individual level, communication relates to task performance, work attitudes, citizenship behavior/counterproductive behavior, turnover. Communication also is related to group/team performance, group satisfaction, and group cohesion and conflict. Finally, communication influences organizational outcomes such as accounting/financial performance, customer satisfaction, innovation, reputation, and legal liability.

Challenge: Major Questions for Chapter 9

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 9.6, the chapter itself, and your notes to revisit and answer the following major questions:

1. How can knowing about the basic communication process help me communicate more effectively?
2. What key aspects of interpersonal communication can help me improve my communication competence?
3. How do gender and age affect the communication process?
4. How can social media increase my effectiveness at work and in my career?
5. How can I increase my effectiveness using presentation skills, crucial conversations, and managing up?

FIGURE 9.6 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

This chapter contains six practical implications for you. The first is that communication is a perceptual process, meaning that what we say is not always what people hear. Always be on the lookout for misinterpretations in your communications. Second, you can improve your communication competence by following the advice presented in Section 9.2. Third, miscommunication is likely to occur between men and women and across generations. Be sensitive to these differences and try to modify your communication accordingly. Fourth, the pervasiveness of social media means that to distinguish yourself, you need to be better than the rest. Learn how to use services such as LinkedIn like the pros; the time and effort will make a difference in your job and career. Fifth, learn your employer's social media policies, and regardless of what you learn, you may be wise to keep your digital worlds separate. Make appropriate use of mobile devices; don't be rude or embarrass yourself or others. Finally, you are always presenting when communicating. The only things that differ in a formal presentation are the number of people, the context, the objective, and the medium. These are skills—learn, practice, improve!

IMPLICATIONS FOR MANAGERS

We point out eight practical implications that will benefit you as a manager. First, it is easy to encounter miscommunication because communication is a perceptual process. To overcome this, try paraphrasing and summarizing what others communicate to ensure you are getting the intended message. Second, your choice of communication medium needs to match the complexity of the situation. You can improve your communication by considering this requirement when choosing the best way to communicate with others. Third, be aware of the linguistic differences between men and women. Failure to appreciate these nuances can lead to inaccurate attributions and conclusions about others. Fourth, assess how social media can boost your productivity and that of those you manage. Learn specifically which forms help you and how. Also learn how workplace productivity is lost via social media. Then collaborate with your employees to generate policies that are both reasonable and legally defensible. Communicate these policies and expected practices. Fifth, get a handle on your e-mail as a way of boosting your productivity! Part of your solution may be to use other technology, but another part is certainly being aware of your own behaviors and using discipline. Sixth, always be mindful of social media privacy. Seventh, learn about and build your skills related to crucial conversations; these are critical for your success when managing both down and up. Finally, model the communication behaviors, including use of social media, you expect from those you manage. Your own behavior is one of your most powerful means for influencing others.

PROBLEM-SOLVING APPLICATION CASE

What Can You Say About Your Employer on Social Media? Whatever You Want, Maybe

Employees' social media behavior can both help and hurt businesses' efforts to build reputations with customers, foster employee engagement, and earn profits. Because of this, nearly every day we hear of another employee fired for inappropriate social media posts. These conflicts take place at the intersection of employer interests, employee rights, and the law. Let's begin by briefly outlining what the law says.

NLRB AND THE LAW

Determination of employee rights is primarily the responsibility of the National Labor Relations Board (NLRB), which largely relies for guidance on section 7 of the National Labor Relations Act (NLRA) of 1935.[93] Yes, the law that governs most matters of social media at work is more than 80 years old. Section 7 allows employees to unionize and/or act in concert to improve working conditions. One employment law expert described it this way: "Employee social media communications that relate to working conditions or unionization will often be protected even if they are offensive, obscene, or attack individual members of management personally."[94]

EMPLOYEE INTERESTS

Employees have issues. Some are completely their own and personal, such as bad attitudes and stressful life events, and some are largely the fault of their employers, like unfair manager behaviors, draconian company policies, counterproductive coworker behaviors and attitudes, and annoying customers. Whatever the sources of their concerns, employees also complain, sometimes on the phone, other times face-to-face, and now more often on social media.

The First Amendment of the Constitution gives everybody the right to free speech, and the NLRA enables you and other employees collectively to improve working conditions or unionize.[95] However, while you can rant about your employer, manager, coworkers, or customers all you want on the phone or at happy hour with your friends, there *are* some limits to your freedom to post the same comments on social media. These limits are in part determined by employers' rights to protect their business interests.

EMPLOYER INTERESTS

The position of employers is pretty simple: They don't want employee comments damaging the company's reputation, costing it business, or causing legal liabilities. Cyber security issues aside, a business's reputation and relationships are often hard-won and require considerable time, effort, and money to build.[96] But all can be undermined when one negative post goes viral.[97] If the intent is clearly to sabotage the business or steal proprietary information, most people and the law would agree that it is reasonable to create and enforce policies to protect against these possibilities.

Fewer people, however, agree when policies attempt to restrict social media comments that badmouth management, other employees, or customers or that discuss compensation and other policies with employees or others. Regardless of your own views, the law and a growing number of cases are showing that employers' broad policies prohibiting such practices are unwise and indefensible. Consider the following examples.

TRIPLE PLAY—YOU'RE OUT!

Triple Play Sports Bar & Grill in Connecticut was made aware of an accounting error that caused employees to pay more taxes and scheduled a meeting to discuss the issue. But before the meeting, a former employee posted a complaint on Facebook: "Someone should do the owners of Triple Play a favor and buy it from them. They can't even do the tax paperwork correctly!!!"[98] A current bartender responded with another derogatory comment about a manager, a comment that was subsequently "liked" by one of the cooks. The bartender and the cook were fired. Management cited Triple Play's employee handbook:

> "[W]hen Internet blogging, chat room discussions, e-mail, text messages, or other forms of communication extend to employees . . . engaging in inappropriate discussions about the company, management, and/or coworkers, the employee may be violating the law and is subject to disciplinary action, up to and including termination of employment."[99]

What ultimately happened? The employees filed a complaint with the NLRB, which decided in their favor. First, the NLRB said the term *inappropriate* in the handbook was entirely too vague and open to interpretation by employees.[100] It also said the employee's "like" response to another's post was a form of "concerted activity," which means the employee was agreeing with the view of another employee and cannot be punished for doing so.

The board further explained that even though customers learned of the comments, the effect was the same as if they had overheard a discussion between two employees, which is not grounds for dismissal. Furthermore, the *comments were not directed at customers,* and thus no offense was committed. Finally, the intent of the communication was to talk about workplace conditions, something employees have the right to complain about.[101]

PIER SIXTY—UNDER WATER

Pier Sixty is a New York City catering company whose employees were in the midst of attempting to form a union because of what they perceived as a pattern of bad behavior by management. The company opposed this action, but unionizing is employees' legal right. Before the union vote, a company director "harshly berated servers, in front of customers." During a break, one of the servers "used his iPhone to post an expletive-laden message" blasting the director on Facebook that ended with, "Vote YES for the UNION!!!!!" (The post was quite profane and named the director, made comments about his mother and family, and called him a "loser," among other things.) The post was visible to the employee's Facebook friends, some of whom were also Pier Sixty employees. When word got back to management, the employee was fired. The reason? "His Facebook post violated company policy and was egregious, inappropriate, and possibly defamatory."[102]

The NLRB decided in favor of the employee. "Because the record showed that the work environment at Pier Sixty was permeated with hostile and offensive language, which the company regularly tolerated, the NLRB concluded that none of the factors weighed in favor of a finding that [the employee's] comments were so egregious as to lose the NLRA's protections. . . . [The employee] posted his comment in the midst of a contentious union election—when heated rhetoric should have been expected from both pro- and anti-union advocates—and ended his post with an express statement of union support. In addition, the record was replete with examples of employees using profane language without experiencing discipline. . ."[103]

GENERAL TAKE-AWAYS

The above examples make clear that social media policy alone will not solve a company's challenges. But to help, here are some conclusions about (im)permissible social media comments by employees that have considerable support:

1. If a post is related to a union or some form of employee organizing, employee protections are strong.
2. If multiple employees are part of the exchange, it may be considered "concerted" and acceptable. But if a lone individual posts, that person may be in the wrong.[104]
3. Profanity isn't necessarily prohibited, even if directed at an individual, especially if the same language is used and tolerated in that particular employer's workplace without consequences.
4. If there is a reason for conflict, such as a proposed unionization vote or policy change, disagreement is to be expected, and voicing support or opposition is not an offense.

Assume you own a sports bar like Triple Play. Of course you want to protect its reputation with customers, foster employee engagement, and earn profits. What would you do?

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Use the Organizing Framework in Figure 9.6 and the 3-Step Problem-Solving Approach to help identify inputs, processes, and outcomes relative to this case.

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.
B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. In this case you're asked to assume the role of a business owner.
C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.
D. To refine your choice, ask yourself, *Why is this a problem?* Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework for Chapter 9 and is shown in Figure 9.6. Causes will tend to show up in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework (Figure 9.6) and decide which person factors, if any, are most likely causes of the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, do employee characteristics help explain the problem you defined in Step 1?

B. Follow the same process for the situation factors. For each ask yourself, *Why is this a cause?* By asking why multiple times you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for this chapter for guidance.

C. Now consider the Processes box in the Organizing Framework. Social media policies and practices can be but are not necessarily a cause. Are any other processes at the individual, group/team, or organizational level potential causes of your defined problem? For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes you identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Remember to consider the OB in Action and Applying OB boxes, because these contain insights into what others have done that might be especially useful for this case.

B. Be sure to consider the Organizing Framework—both person and situation factors—as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Should Employers Monitor Employees' Social Media Activity?

There are at least two sides to the question whether employers should monitor employees' social media use. Employees have a right to the privacy of what they say, to whom, when, and through which channels (face-to-face, phone, or social media). Employers must also "be vigilant about ensuring that employees are not disclosing confidential or proprietary information through social media, or using it to harass other employees or engage in otherwise unlawful conduct," says employment law attorney Christin Choi.[105]

Bolstering the argument for monitoring, Nancy Flynn, director of the ePolicy Institute, says:

> It's all too easy for disgruntled or tone-deaf employees to go on to social media and criticize customers, harass subordinates, and otherwise misbehave. Sometimes that can bring workplace tensions and complaints, sometimes it can damage a company's reputation in the marketplace, and sometimes it can lead all the way to lawsuits or regulatory action.[106]

Consistent monitoring enables companies to catch problems early, get undesirable information off-line quickly, begin damage control, and promptly discipline employees.

In support of employee privacy, some argue that social media monitoring often becomes a malicious fishing expedition, a disguised means of undermining or even terminating employees inappropriately, such as to settle personal grudges. Employees also have been fired for posting non-work-related content, such as religious or political views or bikini contests. Privacy advocates often concede that companies might be justified in snooping if they have a legitimate reason to do so, such as genuine suspicion of inappropriate conduct. But even in these instances, they argue that it is appropriate to investigate only what employees do on company computers and networks, not their use of personal devices and personal accounts.[107]

If You Made Social Media Policy at Your Employer, What Would You Do?

1. Monitor all employees. Justify.
2. Never monitor employees. Justify.
3. Monitor selectively. Specify the conditions under which you would monitor, which employees, which devices, and with what frequency.
4. Invent other options and explain.

10 MANAGING CONFLICT AND NEGOTIATIONS

How Can These Skills Give Me an Advantage?

Major Topics I'll Learn and Questions I Should Be Able to Answer

10.1 A Contemporary View of Conflict

MAJOR QUESTION: *How can a contemporary perspective on conflict make me more effective at school, work, and home?*

10.2 Conventional Forms of Conflict

MAJOR QUESTION: *What are some types of conflict and how can I manage them to my benefit?*

10.3 Forms of Conflict Intensified by Technology

MAJOR QUESTION: *What can I do to manage work–family conflict and incivility to make me more effective at school, work, and home?*

10.4 Effectively Managing Conflict

MAJOR QUESTION: *What can I do to prevent, reduce, or even overcome conflict?*

10.5 Negotiation

MAJOR QUESTION: *What are some best practices for effective negotiation?*

The Organizing Framework in Figure 10.1 summarizes the key concepts you'll learn in this chapter. You'll notice a large number of person factors, such as your personality, experience, conflict-handling styles, mindfulness, and civility influence the type, frequency, and intensity of conflict you have in all arenas of your life. Many of these same factors influence how you negotiate. You've also undoubtedly expect relationship quality, leadership, organizational climate, as well as a number of norms and practices to shape conflict and negotiations at work. The importance of these factors notwithstanding, our primary focus in this chapter is understanding conflict and negotiation processes themselves, and how they in turn impact nearly every outcome in the Organizing Framework. This complexity and broad impact of conflict, in particular, highlights the critical importance of managing conflict for your own satisfaction and performance at work.

FIGURE 10.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Personality
- Experience
- Skills and abilities
- Conflict-handling styles
- Values
- Needs
- Mindfulness
- Ethics
- Incivility

Situation Factors
- Relationship quality
- Leadership
- Organizational climate
- Stressors
- Incivility
- Alternative dispute resolution practices

PROCESSES

Individual Level
- Conflict and negotiation
- Emotions
- Interpersonal skills
- Perceptions
- Performance management practices
- Trust
- Communication

Group/Team Level
- Group/team dynamics
- Conflict and negotiation
- Decision making
- Performance management
- Leadership
- Communication
- Trust

Organizational Level
- Human resource policies and practices
- Communication
- Leading and managing change and stress

OUTCOMES

Individual Level
- Task performance
- Work attitudes
- Citizenship behavior/counterproductive behavior
- Turnover
- Career outcomes
- Creativity

Group/Team Level
- Group/team performance
- Group satisfaction
- Group cohesion and conflict

Organizational Level
- Accounting/financial performance
- Customer satisfaction
- Innovation
- Reputation

Winning at Work

Negotiating Salaries and Raises

Experts offer this advice for getting the best compensation you can.

Negotiating Your Salary for a New Job

- **Know the market rate.** Research what companies are paying other employees with similar jobs in the same area. Glassdoor.com often can help.
- **Know your own value.** Can you justify asking for more than the market rate? If yes, then be prepared to justify this premium with compelling examples of your performance and accomplishments. Whether asking for premium or not, it is always a good idea to focus on how you benefited your past or present employers.
- **What's in it for them?** Of course, like everybody else you pursue particular jobs because of how they will benefit you. However, during interviews and negotiations for a new job you are best served by focusing on the ways you can benefit your new employer, help the hiring manager reach her goals, and what a positive impact you'll have in work teams.
- **Be honest.** Don't exaggerate your current or past pay, your actual value, or accomplishments.
- **Don't go first.** Try to wait for the other person to name a number. If you feel you must say something first, then you might say you want to be paid the rate of a top performer with your qualifications. If you have to give an answer, give a range, not a specific dollar figure.
- **Consider benefits, too.** Some of the most valuable parts of your compensation package may be insurance, retirement savings, vacation time, or the ability to work from home a certain percentage of time. Retirement may seem like eons away, but an employer matching your 5 percent contribution to your 401(k) plan is like giving you an extra 5 percent of pay—without an immediate tax bite.
- **Look at the long term.** If you can't get a big pay package, consider whether you can ask for something else that will help your long-term career, for example, a chance to work on an important assignment.[1]

Negotiating a Pay Raise

Preparation is critical. You need information, and the following are some valuable sources and techniques for acquiring it.

- **Ask current colleagues.** Peers are the best but also the toughest source. The best strategy is to be honest and say: "I'm not sure my salary reflects market value, so I'm checking with colleagues to find out what the current salary range is in our field. Would you be willing to talk about compensation?" Assure them you'll keep it confidential, and then, if they're willing, start by giving them a range where your salary falls and asking them how it compares with theirs.
- **Query former colleagues.** Ask former coworkers what they think is an appropriate range for your job in a company of your employer's size and industry. It may help to keep the discussion in the third person: "What do you think is a competitive or appropriate salary for a solid performer doing X type of work in a company like mine (or a company like yours)?"
- **Give to get.** Another effective approach is to offer your salary and then ask: "Does that sound competitive with what you're making or what your company offers?"
- **Ask recruiters.** One of the very best sources is recruiters who place people in jobs and companies like yours. Salary is almost always part of their discussions. So, if you're going to build out your network, adding a recruiter or two who will share such info can be extremely valuable. But you need the relationship first. It's no use cold calling a recruiter and expecting him or her to answer your questions—that expertise is part of what recruiters get paid for![2]

What's Ahead in This Chapter

We continue our discussion of the group and team level in the Organizing Framework and address conflict and negotiation in this chapter. Conflict is an inevitable part of organizational life. We describe both positive and negative forms of conflict—yes, there are both. We also explore common forms of conflict at work, such as personality and intergroup. Significant attention is given to work–life conflict and cyberbullying, problems created and intensified by Internet technology and social media. We then provide practical guidance on how to manage various forms of conflict, followed by an explanation of negotiation, including types of negotiations and ethical pitfalls.

10.1 A CONTEMPORARY VIEW OF CONFLICT

MAJOR QUESTION

How can a contemporary perspective on conflict make me more effective at school, work, and home?

THE BIGGER PICTURE

Conflict is an ever-present part of your life and an important group-level process in the Organizing Framework. To help you better understand and manage conflict, we explore several common causes of conflict at school and work. Then you'll learn about what it means to have too little, too much, and just enough conflict (the conflict continuum). We explain why not all conflict is bad or dysfunctional; some forms are functional or desirable. Next, we describe some desired outcomes of functional conflict.

Because conflicts occur between people, a good place to begin is for you to learn about your own tendencies for conflicts with others. You likely believe you have relatively few and are easy to get along with, which may be true. However, even the most problematic bosses think so of themselves. Test your impressions of yourself by completing Self-Assessment 10.1.

connect SELF-ASSESSMENT 10.1

Interpersonal Conflict Tendencies

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 10.1 in Connect.

1. Does your score match your perception of yourself?
2. The assessment measures how well you get along with others and how they treat you; both are sources of conflict. If you were to improve the measure, what other factors do you think should be included?

Conflict Is Everywhere and It Matters

Conflict is a pervasive part of the human experience. Some surveys report that employees spend two or more hours per week, or one day per month, dealing with some type of conflict at work. Not only is conflict time consuming, but employees also report many other undesirable consequences, such as

- 25 percent call in sick.
- 24 percent avoid work-related events.
- 18 percent quit.
- 16 percent say they've been fired.
- 9 percent attribute project failures to conflict.[3]

Whether these statistics move you or not, you can safely assume that all forms of conflict at work are underreported. Due to these consequences, and the fact that conflict occurs both within and between levels in the Organizing Framework for OB, managing it effectively is essential for individual, departmental, and organizational effectiveness.

However, it is important to realize conflict has *both* positive and negative consequences. The goal of this chapter is to help you understand how to avoid the negatives while also gaining from conflict's positive outcomes. Let's begin by defining conflict, describing the conflict continuum, and then explaining the difference between functional and dysfunctional conflict.

A Modern View of Conflict

Conflict **occurs when one "party perceives that its interests are being opposed or negatively affected by another party."**[4] The word *perceives* reminds us that sources of conflict and issues can be real or imagined, just like perceptions of fairness. A lack of fairness, perceived or real, is a major source of conflict at work.

A Conflict Continuum

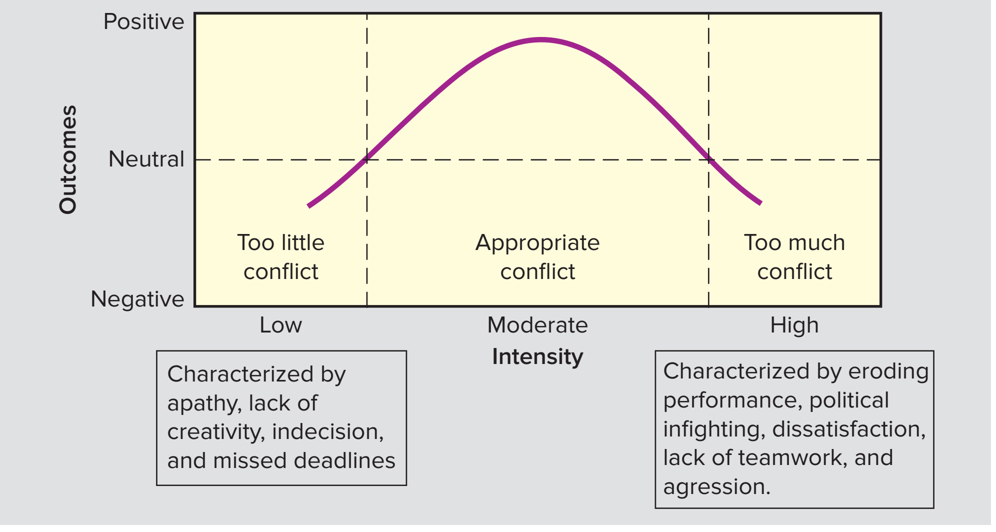
Ideas about managing conflict underwent an interesting evolution during the 20th century. Initially, management experts believed all conflict ultimately threatened management's authority, reduced productivity, and thus had to be avoided or quickly resolved. They later recognized the inevitability of conflict and advised managers to learn to live with it. Emphasis, nevertheless, remained on resolving conflict whenever possible. Beginning in the 1970s, OB specialists realized conflict had both positive and negative outcomes. This perspective introduced the revolutionary idea that organizations can suffer from either *too much* conflict or *too little*. Neither is desirable.

Appropriate types and levels of conflict energize people to move in constructive directions.[5] The relationship between conflict intensity and outcomes is illustrated in Figure 10.2. The differences between types and levels of conflict lead to the distinction between functional and dysfunctional conflict discussed next.

Functional vs. Dysfunctional Conflict

The distinction between *functional conflict* and *dysfunctional conflict* pivots on whether the organization's interests are being served. ***Functional conflict,*** **commonly referred to as constructive or cooperative conflict, is characterized by consultative interactions, a focus on the issues, mutual respect, and useful give-and-take.** In such situations people often feel comfortable disagreeing and presenting opposing views. Positive outcomes frequently result.

FIGURE 10.2 RELATIONSHIP BETWEEN CONFLICT INTENSITY AND OUTCOMES



SOURCE: C. G. Donald, J. D. Ralston, and S. F. Webb, "Arbitral Views of Fighting: An Analysis of Arbitration Cases, 1989–2003," *Journal of Academic and Business Ethics,* July 2009, 1–19.

TABLE 10.1 SITUATIONS THAT COMMONLY PRODUCE CONFLICT

Incompatible personalities or value systems	Inadequate communication
Overlapping or unclear job boundaries	Interdepartment/intergroup competition
Competition for limited resources	Unreasonable deadlines or extreme time pressure
Unreasonable or unclear policies, standards, or rules	Decision making by consensus (dissenters may feel coerced)
Organizational complexity (conflict tends to increase as the number of hierarchical layers and specialized tasks increases)	Collective decision making (the greater the number of people participating in a decision, the greater the potential for conflict)
Interdependent tasks (one person cannot complete his or her assignment until others have completed their work)	Unmet expectations (employees who have unrealistic expectations about job assignments, pay, or promotions are more prone to conflict)

SOURCE: Adapted in part from discussion in A. C. Filley, *Interpersonal Conflict Resolution* (Glenview, IL: Scott, Foresman, 1975), 9–12; and B. Fortado, "The Accumulation of Grievance Conflict," *Journal of Management Inquiry,* December 1992, 288–303. See also D. Tjosvold and M. Poon, "Dealing with Scarce Resources: Open-Minded Interaction for Resolving Budget Conflicts," *Group & Organization Management,* September 1998, 237–255.

Each of these factors is lacking in cases of ***dysfunctional conflict,*** **disagreements that threaten or diminish an organization's interests.**[6] This danger highlights the valuable role of management, and your own actions, in determining whether conflict is positive. To effectively deal with any kind of conflict, we need to understand some of the common causes.

Common Causes of Conflict

Certain situations produce more conflict than others. Knowing the causes can help you and managers anticipate conflict and take steps to resolve it if it becomes dysfunctional. Table 10.1 lists many of the situations that tend to produce either functional or dysfunctional conflict. Which have happened to you?

Proactive managers look for these early warnings and take appropriate action. For example, we can sometimes reduce conflict by making decisions on the basis of majority approval rather than striving for a consensus. However, if conflict is unnoticed or allowed to continue, it can and does escalate.

Escalation of Conflict

When conflict escalates, the intensity increases and often leads to cycles of provocation and counter-provocation. The conflicting parties then often replace meaningful exchange and debate with increasingly destructive and negative attacks, which are often more about undermining or hurting the other party than advancing one's own interests.[7] People then take positions that are increasingly extreme and hard to justify. Conflict escalation often exhibits these five characteristics:

1. **Tactics change.** Parties often move from "light tactics," such as persuasive arguments, promises, and efforts to please the other side, to "heavy tactics" that include threats, power plays, and even violence.
2. **Number of issues grows.** More issues that bother each party are raised and included in the conflict.
3. **Issues move from specific to general.** Small and specific concerns often become more vague or general and can evolve into a general dislike of or intolerance for the other party.
4. **Number of parties grows.** More people and groups are drawn into the conflict.
5. **Goals change.** Parties change their focus from "doing well" or resolving conflict to winning and even hurting the other party.[8]

Which of the five characteristics are present in the following OB in Action box?

OB in Action

First a Question, Then a Major Altercation[9]

Heightened airline security since 9/11 has increased frustrations and conflicts for passengers and employees. © Jim West/Alamy

Since 9/11, heightened airline security has increased frustrations for both airline employees and passengers. Passengers have to abide by ever more rules that employees must enforce. For instance, on a flight from Europe to the United States, a simple passenger request escalated quickly. "Bill Pollock asked a flight attendant about a sign telling passengers not to venture beyond the curtain separating economy class from the rest of the plane," *The New York Times* reported. "He wanted to stretch his legs and visit his wife seated on the opposite aisle, using the passageway behind the galley in the plane's midsection. But when he questioned a flight attendant on the policy and began recording their conversation using his cell phone, the situation quickly escalated: The flight attendant grabbed his phone and nearby federal air marshals intervened."

The marshals held him against the wall with his hands behind his back. Pollock said, "I wasn't violent, I didn't use four-letter words. All I did was ask this guy about the sign on the curtain and they flipped out." Afterward Pollock wondered about his rights and the rules, such as being restricted to particular cabins and not just bathrooms, as well as the right to video/audio record flight crew. A spokesperson for the Federal Aviation Administration responded that there is no rule limiting passenger movement on planes, but "no person may assault, threaten, intimidate, or interfere with a crew member in the performance of the crew member's duties."

YOUR THOUGHTS?

1. What is your reaction?
2. Why do you think the situation escalated?
3. What could the flight attendant have done differently to prevent escalation?
4. What could the passenger have done differently to avoid escalation?

Why People Avoid Conflict

Are you uncomfortable with conflict? Do you go out of your way to avoid it? If so, you're not alone. Many of us avoid conflict for a variety of reasons both good and bad. Some of the most common are the following:

- Fear of harm to ourselves.
- Fear of rejection.
- Fear of damage to or loss of relationships.
- Anger.
- Desire not to be seen as selfish.
- Desire to avoid saying the wrong thing.
- Fear of failure.

- Fear of hurting someone else.
- Fear of getting what you want.[10]

This list is self-explanatory, except for the last item. It refers to people who, for personal reasons, feel undeserving or fear the consequences of success and thus tend to sabotage themselves.

Of course, avoiding conflict doesn't make it go away. It may continue or even escalate. Moreover, avoiding conflict can cost you a promotion. Many otherwise qualified employees are passed over for management and executive positions because they avoid making tough decisions, confronting poor performance, or challenging weak or faulty ideas. This suggests that conflict-handling, not conflict-avoiding, skills are in high demand.[11] Southwest Airlines took this to heart.

> Leaders wanted to shake up what they viewed as a culture of "artificial harmony" among staffers. The company now promotes middle managers to executive positions partly based on their ability to spark conflict among staffers, says Elizabeth Bryant, vice president of training. During a five-week training program, these high-potential managers learn to foster vigorous but respectful internal debates.[12]

This view is reinforced by noted management consultant Patrick Lencioni, who said: "The only thing worse than engaging in conflict is not to do so."[13]

What is the alternative? The Applying OB box below provides useful suggestions. For our purposes, it is enough to become aware of our fears and practice overcoming them, as the rest of this chapter will show.

Applying OB

Avoiding Conflict Makes It Grow[14]

When you're tempted to avoid conflict, you may be wise to do the following instead.

1. *Stop ignoring a conflict.* Ignoring or working around a conflict won't make it go away and may cause further escalation. Instead, bring both sides together to address the issues.
2. *Act decisively to improve the outcome.* Delay only causes the problem, real or perceived, to fester. Addressing a conflict in short order can help unveil misunderstandings or simple oversights before they grow into something more or spread.
3. *Make the path to resolution open and honest.* Involve all relevant parties, collect information, and determine a desired outcome. Doing so helps resolve misunderstandings and focuses everybody on the end state instead of wallowing in the (alleged) offenses.
4. *Use descriptive language instead of evaluative.* Beware of accusations and judgmental language. Both put people on the defensive and impede progress. Instead, focus on the problem (behaviors, feelings, implications) and solution rather than the perpetrator.
5. *Make the process a team-building opportunity.* If the problem affects the team, then it may be beneficial to approach the conflict and its solution as a team. Such resolutions may improve relationships in such a way that the team functions even better than it did before the conflict.
6. *Keep the upside in mind.* Effective conflict resolution creates "success momentum." In other words, conflicts are signs along the road to the final and desired destination. Don't get bogged down and lose sight of the ultimate goal or bigger picture.

TAKE-AWAY APPLICATION

Practicing Functional Conflict

1. Think of a conflict or a strained situation that you either haven't addressed or have purposefully avoided.
2. Describe how you could apply suggestions 2, 3, and 4 from the Applying OB box above.
3. If the situation involves a team or a group of people, describe how you might use this as an opportunity for team building (suggestion 5).
4. Identify and focus on the upside (suggestion 6), because it will help motivate you to follow the other suggestions and prevent you from getting discouraged.

Let's remind ourselves what we get for our conflict-solving efforts. After all, embracing conflict or taking a more functional and constructive view can be difficult if not counterintuitive. What are the outcomes we seek?

Desired Outcomes of Conflict Management

Conflict management is more than simply a quest for agreement, nor should it be a quest for victory. If progress is to be made and dysfunctional conflict minimized, we need a broader goal. An influential model of cooperative conflict outlines these three desired outcomes:

1. ***Agreement.*** Equitable and fair agreements are best. An agreement that leaves one party feeling exploited or defeated will tend to breed resentment and subsequent conflict.
2. ***Stronger relationships.*** Good agreements enable conflicting parties to build bridges of goodwill and trust for future use. Moreover, conflicting parties who trust each other are more likely to keep their end of the bargain they have made.
3. ***Learning.*** Functional conflict can promote greater self-awareness and creative problem solving. Like the practice of management itself, successful conflict handling is learned primarily by doing. Knowledge of the concepts and techniques in this chapter is a necessary first step, but there is no substitute for hands-on practice. There are plenty of opportunities to practice conflict management in today's world.[15]

We therefore encourage you, when possible, to look at conflict not as a war or a battle, but instead as an *opportunity* or a *journey.* Keep the following observation in mind for the balance of this chapter:

> Conflict gives you an opportunity to deepen your capacity for empathy and intimacy with your opponent. Your anger transforms the "other" into a stereotyped demon or villain. Similarly, defensiveness will prevent you from communicating openly with your opponents, or listening carefully to what they are saying. On the other hand, once you engage in dialogue with that person, you will resurrect the human side of his/her personality—and express your own as well.[16]

10.2 CONVENTIONAL FORMS OF CONFLICT

MAJOR QUESTION

What are some types of conflict and how can I manage them to my benefit?

THE BIGGER PICTURE

You can probably think of many types of conflicts from your own life, and you likely have a good idea what caused most of them. But in this section we focus on two of the most common and consequential types of conflict in organizations—*personality* and *intergroup*. The first occurs at the individual level and the other at the group level. Understanding both types will make you more effective at managing an extremely valuable group-level process in the Organizing Framework.

As we discussed in the first section, opposition isn't necessarily a problem. It can be a constructive way of challenging the status quo and improving behaviors, processes, and outcomes. New ideas by definition contrast with old ideas or ways of doing things. However, opposition becomes an issue if it turns into dysfunctional conflict and impedes progress and performance. *Personality conflict* and *intergroup conflict* can both cause a number of undesirable outcomes across levels of the Organizing Framework for OB.

Personality Conflicts

Given the many possible combinations of personality traits, it is clear why personality conflicts are inevitable. How many times have you said or heard, "I just don't like him [or her]. We don't get along." One of the many reasons for these feelings and statements is personality conflicts. We define a ***personality conflict*** **as interpersonal opposition based on personal dislike or disagreement.** Like other conflicts, personality conflicts often escalate if not addressed. Think of personality conflicts you've had at work or school. What were the consequences for you? The other person? Members of your team, department, or class? Did they escalate? If the source of a conflict really is personalities, it is particularly troublesome since personality traits are by definition stable and resistant to change.

Research shows that conflicts over work tasks can turn into personal conflicts and escalate into bullying.[17] But they have other undesirable outcomes too, such as negative emotions related to particular coworkers and to work in general. If these feelings persist beyond work, employees can ruminate and fail to recover appropriately. The result can harm their health and non-work relationships.[18]

A particularly troublesome form of conflict that is too often attributed to personalities is sexual harassment and other forms of discrimination. Such conflicts have nothing to do with personalities and are unethical if not also illegal.[19] But the accused often attribute the target's resistance and complaints to personality: "She's too sensitive," or "He can't take a joke." It is critically important to identify and remedy such conflicts.

Bill Gross is the billionaire investor long known as the bond king. Beginning in the early 1970s he worked at PIMCO and built a $2 trillion empire. His stern, domineering, "my way or the highway" approach caused many conflicts. But in recent years these conflicts with noted individuals within the firm, including then-CEO Mohammed El-Erian, became intolerable. El-Erian and others left, and Gross tried to fire more. Eventually the board fired Gross. The troubles didn't stop there. Investors have pulled nearly $400 billion since Gross's departure, and he is suing PIMCO for $200 million more. He now works just down the street at a competitor—Janus.[20] © Patrick T. Fallon/Bloomberg/Getty Images

How to Deal with Personality Conflicts

OB in Action

The CEO Who Planned a "Food Fight"

Kevin Reddy, the chair and CEO of Noodles & Co. Restaurants and former COO of Chipotle Mexican Grill, hired Dan Fogarty as chief marketing officer knowing Fogarty's personality clashed with that of the company's president, Keith Kinsey. (Fogarty and Kinsey had previously worked together at Chipotle.)

Reddy knew that Kinsey was analytical and pragmatic, while Fogarty was unstructured and creative. The CEO counted on and took advantage of their different personalities and heated debates. Reddy believed executives who challenge one another—rather than validating each others' ideas—produced the best thinking. He said, "I don't mind if it gets a little bloody as long as it's merely a flesh wound."[21]

How successful his strategy proved is hard to say. But it is worth noting that in 2015 Fogarty left in March, citing "personal reasons,"[22] and Kinsey left in June to become CEO of Portillo's Hot Dogs.[23]

TABLE 10.2 HOW TO RESPOND WHEN AN EMPLOYEE EXPERIENCES A PERSONALITY CONFLICT

For The Employee	For Third-Party Observers	For The Employee's Manager
1. Be familiar with and *follow* company policies on diversity, discrimination, and sexual harassment.		
2. Communicate directly with the other person to resolve the perceived conflict (emphasize problem solving and common objectives, not personalities).	Do not take sides in someone else's personality conflict.	Investigate and document the conflict; if appropriate, take corrective action (feedback or behavior modification).
3. Avoid dragging coworkers into the conflict.	Suggest the parties work things out for themselves in a constructive and positive way.	If necessary, attempt informal dispute resolution.
4. If dysfunctional conflict persists, seek help from direct supervisors or human resource specialists.	If dysfunctional conflict persists, refer the problem to the parties' direct supervisors.	Refer difficult conflicts to human resource specialists or hired counselors for formal resolution efforts and other interventions.

Table 10.2 presents practical tips for both you and managers who are involved in or affected by personality conflicts. Best practices vary depending on the party. Steps 2 through 4 in the table show how to escalate your concern if the conflict is not resolved.

Problem-Solving Application

Butt Your Heads Together and Fix the Problem[24]

At Black Butte Coal in Wyoming, a warehouse supervisor and maintenance manager's conflict escalated to the point that their manager was going to fire both of them. Not only did they disagree and argue, but they also yelled at each other in front of other employees. It seemed that their goals for their respective departments, and the determination of each to meet those goals at the other's cost, caused them to lose sight of the bigger picture and the way their efforts contributed to the outcome for the larger company.

Amanda DeBernardi, the HR manager, stepped in to help. She put the two employees in a room with a blank piece of paper in front of each. She then gave each the opportunity to explain his position and issues, without interruption, while the other took notes.

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case.

Step 2: Identify the potential causes.

Step 3: Make your recommendations. DeBernardi got you started on a potential solution, but what else would you do? You can build on her actions or take a different course. Explain.

Intergroup Conflict

Conflict among work groups, teams, and departments is a common threat to individual and organizational effectiveness, as illustrated in the Organizing Framework. The application of hydraulic fracturing (fracking) to extract oil, for instance, has caused intense conflicts between local residents, local and state legislatures, energy companies, and environmental groups. In Florida, environmentalists are against fracking, local governments and citizens are concerned about damage being done in their communities, oil companies are eager to drill, and all these concerns roll up to the state legislature, which must ultimately decide what to do. In early 2016 the state considered legislation that would regulate fracking. The other parties then argued that the measures the state is considering miss important elements and potential consequences.[26]

The exponential growth of Uber and other ride-sharing companies has caused tremendous conflicts between taxi drivers, as well as between ride-sharing companies and the local and federal officials who regulate transportation around the world. For instance, violent protests in Paris and other French cities by drivers opposed to ride sharing brought traffic to a standstill.[25] The way Uber and other such companies deal with and resolve these conflicts will be critical to their future success. Some cities and countries have outlawed their services and others have restricted them. The road to this industry's future expansion is not so smooth. © Marcio Fernandes/AP Photo

Because so many parties can be involved, and because intergroup conflicts can each be so different, we differentiate them in terms of states and processes.

Conflict States and Processes

- ***Conflict states*** **are shared perceptions among team members about the target and intensity of the conflict. Targets can be either tasks (goals or ideas) or relationships.**
- ***Conflict processes*** **are the means by which team members work through task and relationship disagreements.**[27]

Recent research strongly supports what you likely suspect, that *conflict processes,* or the ways teams manage differences, matter. Much like the case in ensuring distributive and procedural justice, *process always matters*![28] So much so that a leading expert and her colleagues concluded this about conflict processes: "How teams interact regarding their differences are at least as important as conflict states, that is, the source and intensity of their perceived incompatibilities."[29]

The importance of conflict states and processes is commonly highlighted in mergers, such as those in the telecom industry where consumers, regulators, content providers, and telecom companies themselves often have opposing interests and views. When Comcast offered to buy Time Warner, for instance, consumers and regulators argued that this merger would result in less competition, fewer choices, and higher prices. Content providers, companies that make TV shows and movies, were concerned that fewer providers would enable those that do remain to charge higher fees to distribute their content.[30] The opposition won; the merger didn't happen. We address conflict states (targets) in more detail in the next two sections of this chapter.

In-Group Thinking—"Us vs. Them" *Cohesiveness*—a "we feeling" that binds group members together—can be a good thing or a bad thing. A certain amount of cohesiveness can turn a group of individuals into a smooth-running team. Too much cohesiveness, however, can breed groupthink, because a desire to get along pushes aside critical thinking and challenges to existing or inferior ideas. The study of in-groups has revealed an array of challenges associated with increased group cohesiveness and in-group thinking. Specifically,

- Members of in-groups view themselves as a collection of unique individuals, while they stereotype members of other groups as being "all alike."
- In-group members see themselves positively and as morally correct, while they view members of other groups negatively and as immoral.
- In-groups view outsiders as a threat.
- In-group members exaggerate the differences between their group and other groups, which typically leads them to a distorted perception of reality.[31]

Managers cannot eliminate in-group thinking, but they certainly should not ignore it when handling intergroup conflicts. Let's explore some options for managers—and you.

How to Handle Intergroup Conflict

How have you attempted to solve conflicts between a group of which you are a member and another group? While many techniques are successful in particular situations, research and practice support three specific approaches:

- Contact hypothesis.
- Conflict reduction.
- The creation of psychologically safe climates.

Making an effort to understand and appreciate differing company, industry, or cultural customs is an effective way to avoid conflicts and make all parties more comfortable.
© Blend Images/Alamy RF

Contact Hypothesis The ***contact hypothesis*** **suggests that the more members of different groups interact, the less intergroup conflict they will experience.** Those interested in improving race, international, and union–management relations typically encourage cross-group interaction. The hope is that *any* type of interaction, short of actual conflict, will reduce stereotyping and combat in-group thinking.

But research has shown this approach to be naive and limited. For example, a study of ethnic majority (in-group) and ethnic minority (out-group) students from Germany, Belgium, and England revealed that contact did reduce prejudice. Specifically, contact over time resulted in a lower desire for social distance and fewer negative emotions related to the out-group. The quality of contacts mattered too, especially regarding equal status, cooperation, and closeness. It wasn't enough simply to encounter members of the out-group (to just be introduced, for example).

However, *prejudice also reduced contact.* Those in the out-group were more reluctant to engage with or contact the in-group. Contact had no effect on reducing prejudice of the minority out-group toward the majority in-group.[32] One interpretation of these results is that contact matters, high-quality contact matters more, but both matter the most from the in-group's perspective.

Nevertheless, intergroup friendships are still desirable, as many studies document.[33] But they are readily overpowered by negative intergroup interactions. Thus the top priority for managers faced with intergroup conflict is to identify and root out specific negative linkages between or among groups. More specifically, focusing on the perceived security and quality of the interactions matters. If you and/or your managers can make the out-group feel there is nothing at stake (they are not being evaluated), they are more likely to feel secure and satisfied with the interaction. This reassurance can also reduce both groups' prejudices about the other. We can achieve such benefits by sharing social interests or social events where the focus is not on work, particularly the out-group's work.[34]

Conflict Reduction Considering this evidence, managers are wise to note negative interactions between members and groups and consider options for reducing conflict. Several actions are recommended:

- Eliminate specific negative interactions (obvious enough).
- Conduct team building to reduce *intra*-group conflict and prepare for cross-functional teamwork.
- Encourage and facilitate friendships via social events (happy hours, sports leagues, and book clubs).
- Foster positive attitudes (empathy and compassion).
- Avoid or neutralize negative gossip.
- Practice the above—be a role model.[35]

TAKE-AWAY APPLICATION

Handling Intergroup Conflict

1. Think of an intergroup conflict in your own life. Your example should include a description of a group, team, or department of which you are or were a member, as well as the nature of the conflict state (task or relationship).
2. Then describe how the conflict was handled. Was it resolved?
3. Regardless of your answer to question 2, explain how one or more of the above recommendations could have been applied to reduce, eliminate, or even prevent the conflict described in question 1.

Creating a Psychologically Safe Climate As we've discussed, conflict occurs at all levels in the Organizing Framework. This means the causes and remedies can also occur at individual, group, and organizational levels. One such organizational-level cause and remedy is a climate of psychological safety. A ***psychological safety climate*** **represents a shared belief among team members that it is safe to engage in risky behaviors, such as questioning current practices without retribution or negative consequences.**[36] When employees feel psychologically safe, they are more likely to speak up and present their ideas and less likely to take disagreements personally. This interaction results in increased team creativity,[37] less conflict within and between teams, and higher individual and team performance.[38] Psychological safety climates also help improve employee turnover, safe work behaviors, and job satisfaction.[39]

How can you and your employers create or foster a climate for psychological safety? Here are three fundamental and widely applicable practices:

1. Ensure leaders are inclusive and accessible.
2. Hire and develop employees who are comfortable expressing their own ideas, and receptive and constructive to those expressed by others.
3. Celebrate and even reinforce the value of differences between group members and their ideas.[40]

Find out the level of psychological safety in one of your groups, teams, or organizations by completing Self-Assessment 10.2. It's a quick, accurate, and valuable way to get a sense of this important environmental characteristic. Knowing the level of psychological safety can help you understand why some conflicts occur and how effectively you can handle them.

connect SELF-ASSESSMENT 10.2

Psychological Safety Climate

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 10.2 in Connect.

1. Identify a group at school or work of which you are a member. It helps if the one you choose has to deal with opposing views and make decisions. Complete Self-Assessment 10.2 focusing on this group.
2. Which items help you understand why the group deals with conflicts as it does?
3. Explain three things you and your group members can do to increase psychological safety and reduce conflict.

SOURCE: Excerpted from A. Edmondson, "Psychological Safety and Learning Behavior in Work Teams," *Administrative Science Quarterly* 44 (1999), 350–383.

10.3 FORMS OF CONFLICT INTENSIFIED BY TECHNOLOGY

MAJOR QUESTION

What can I do to manage work–family conflict and incivility to make me more effective at school, work, and home?

THE BIGGER PICTURE

We focus our discussion on two particular forms of conflict: work–family conflict and incivility. You face demands at school and other arenas of your life—work, social life, and perhaps a family—and these demands can compete with each other and cause conflicts for you. Such conflicts, along with uncivil behavior or mistreatment, can have dramatic and undesirable effects on your personal health, well-being, opportunities, and other outcomes in the Organizing Framework.

Students, employees, and people everywhere have always experienced conflicts between the various arenas of their lives, notably between work, school, and home. But historically, various activities and their demands were confined to the physical locations in which they occurred—work happened largely at the office. Not anymore. Technology has blurred the old boundaries—and also extended mistreatment to every place and every arena. The Internet and social media are new and devastating tools for bullies and other bad actors. For these reasons we give special attention to these forms of conflict.

Work–Family Conflict

***Work–family conflict* occurs when the demands or pressures from work and family domains are mutually incompatible.**[41] Work–family conflict can take two distinct forms: work interference with family and family interference with work.[42] For example, suppose two managers in the same department have daughters playing on the same soccer team. One manager misses the big soccer game to attend a last-minute department meeting (work interferes with family), while the other manager skips the meeting to attend the game (family interferes with work). Both kinds of conflicts matter, because they can negatively affect many important outcomes in the Organizing Framework and your larger life domain (see Table 10.3). As research accumulates, it is also becoming clear that work interfering with family is the far more frequent and consequential problem.[43]

What about you? What level of conflict do you think you experience between school and other domains of your life? Self-Assessment 10.3 will help you see such conflicts from the point of view of others, not just your own perceptions. It can also help you identify which conflicts are the most and least serious, and this knowledge can assist you in deciding what to do about them.

TABLE 10.3 NEGATIVE CONSEQUENCES OF CONFLICTS BETWEEN WORK, FAMILY, AND OTHER LIFE DOMAINS

Work Interferes With Family	Family Interferes	Outcomes Linked to Life More Generally
Job satisfaction	Marital satisfaction	Life satisfaction
Intentions to quit	Family satisfaction	Health problems
Absenteeism	Family-related strain	Depression
Performance	Family-related performance	Substance use/abuse

SOURCE: Adapted from F. T. Amstad, L. L. Meier, U. Fasel, A. Elfering, and N. K. Semmer, "A Meta-Analysis of Work-Family Conflict and Various Outcomes with a Special Emphasis on Cross-Domain versus Matching Domain Relations," *Journal of Occupational Health Psychology,* 2011, 151–169.

connect SELF-ASSESSMENT 10.3

School–Non-School Conflict

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 10.3 in Connect.

1. What is your reaction?
2. Do any of your responses and sources of conflict surprise you?
3. Which do you think is greater, the social dimension (questions 1–6) or the cognitive dimension (questions 7–9)?
4. What can you do to prevent or reduce the conflicts you identified?

SOURCE: Adapted from S. R. Ezzedeen and P. M. Swiercz, "Development and Initial Validation of a Cognitive-Based Work-Nonwork Conflict Scale," *Psychological Reports,* 2007, 979–99. Reprinted with permission of Ammons Scientific Ltd.

Making many conflicts worse is the *spillover effect*. This means, for instance, that hostilities in one life domain can manifest in other domains.[44] Because these and other consequences can be numerous and troublesome, researchers and managers alike have devoted extensive attention and effort to understanding and reducing conflicts and their spillover effects. From a practical perspective, it is helpful to think of *balance.*

Balance Is the Key to Reducing Conflict A survey asked employees to list the biggest factors that damage work–life balance:

> The leading answer by a mile was "bad bosses"—defined as "demanding, overbearing, and mean." Tied for second, constantly working beyond standard business hours and inflexibility in scheduling work hours and off time. A not-so-distant third were incompetent colleagues and long commutes.[45]

It is therefore no surprise that 46 percent of employees in another survey said work–life balance was the thing they valued most when looking for a new job (second only to salary, cited by 57 percent).[46] Ideally, you will be able to avoid or remove conflicts completely. But more often than not you will have to balance demands coming from the different domains of your life. Here are some ideas to consider.

- *Work–family balance begins at home.* Case studies of successful executives reveal that family and spousal support is critical for reaching senior-level positions.[47] This suggests that both men and women need help with domestic responsibilities if there is any chance of achieving work–family balance.

Sheryl Sandberg, chief operating officer of Facebook, moved the issue of work–life balance to the front pages with her celebrity and her book *Lean In*. She championed the belief that women can have it all, including rising to the C-suite in corporate America. But having it all, according to Sandberg, requires a husband or partner who can help balance the load. In her own book, *Unfinished Business,* Anne-Marie Slaughter, former Princeton dean and State Department official, agrees with Sandberg that women can indeed climb to the top rungs of corporate ladders. However, she claims that women can't have it all unless they are superhuman, rich, or self-employed. The system needs to change—men need to have the same responsibilities as women and vice versa—in order for there to be balance and for the career trajectories of women to be similar to those of men.[48] (Left): © Spencer Platt/Getty Images; (right): © Paul Morigi/Getty Images

- *An employer's family-supportive philosophy is more important than specific programs.* Organizational culture must support the use of family-friendly programs in order for employees to benefit from them. For instance, it's not enough to simply provide child care; employees must also feel supported and comfortable using it. The same goes for leaving work early to attend a child's sporting event or recital.
- *The importance of work–family balance varies across generations.* A study of the work values of 16,000 adults of all ages suggests that organizations should consider implementing work policies targeted toward different generational groups.[49] For example, flextime and compressed work programs can attract and retain both Gen Ys and Gen Xers, while job enrichment may be a more effective way to motivate baby boomers.

OB in Action

At United Shore Financial—Give Me Only 40 or You're Fired![50]

A number of companies have taken work–life balance to another level. For instance, United Shore Financial Services in Troy, Michigan, requires that employees work only 40 hours per week. Sure, plenty of companies talk about such limits, but it's a reality at this mortgage wholesaler. Mat Ishbia, the CEO, claims the "firm 40" policy makes employees more efficient and focused when at work, knowing they must be completely unplugged when they leave. There is no after-hours e-mailing or coming in on weekends.

Ishbia also claims that since word about the policy has gotten out, the firm has attracted more talented employees than in the past. He describes the policy this way: "5:55 p.m. on a Friday is no different from 10:55 a.m. on a Tuesday—taking no breaks for Facebook or online shopping. But once the day is done, employees are off duty until the next morning." Laura Lawson, the company's chief people officer, says this: "You give us 40. Everything else is yours."[51] The premise, supported by research, is that everybody needs time to recover. More hours do not necessarily translate into more productivity. Some studies in fact show that any more than 48 hours of work per week results in a dramatic decrease in productivity per hour.

United Shore's practices are quite different from those of many companies trying to better integrate work and life and in the process often further blurring the lines between these two arenas and increasing conflict.

YOUR THOUGHTS?

1. What do you think are the benefits of United Shore's "firm 40" practice for the firm?
2. What do you think are some of the likely challenges for the firm or its employees?
3. What would you most appreciate about a "firm 40" policy?

Flex Space vs. Flextime and Your Supervisor Balance requires flexibility, which is a key aspect of many efforts to eliminate or reduce conflicts. That said, not all flexibility is the same.

Flex space, **such as telecommuting, occurs when policies enable employees to do their work from different locations besides the office (coffee shops, home, or the beach).**

Flextime **is flexible scheduling, covering either the time when work must be completed (deadlines) or the limits of the workday (9–5, 10-4, or any time today).**

Understanding the differences can help you better balance your own demands between not only work and family, but school and the rest of your life too. At first you might think more is better—more flex space and more flextime will make you happier if not also more productive. Research shows that this is not true. There can be benefits to greater flexibility, but flex space in particular can end up further blurring the boundaries between work and other arenas of your life and consequently adding to conflicts.[52] Flex, but beware.

One final caution: The value of most flexible work arrangements can be undermined if your immediate supervisor isn't supportive. Put another way, supportive policies matter, but what good is a policy if you aren't allowed to use it?[53] Fully half of companies surveyed offer some sort of flexible work arrangements, yet the same companies report that only a third of employees utilize them.[54]

Now let's turn our attention to a different category of conflict—incivility.

Incivility—Treating Others Poorly Has Real Costs

Incivility **is any form of socially harmful behavior, such as aggression, interpersonal deviance, social undermining, interactional injustice, harassment, abusive supervision, and bullying.**[55] Like other OB concepts, incivility is perceptual—it is in the eyes of the beholder.[56] If you feel you've been treated poorly, then you've been treated poorly, and this feeling is what affects numerous outcomes across levels of the Organizing Framework.

Recent research reports that 98 percent of employees reported experiencing some form of incivility, and 50 percent said they had been treated rudely at least once a week![57]

TABLE 10.4 EMPLOYEES' RESPONSES TO AND THE COSTS OF INCIVILITY AT WORK

48% intentionally decreased their work effort
47% intentionally decreased the time spent at work
38% intentionally decreased the quality of their work
63% lost work time avoiding the offender
66% said performance declined
25% admitted to taking frustration out on customers
12% said they left their job because of it

SOURCE: C. Porath and C. Pearson, "The Price of Incivility—Lack of Respect Hurts Morale and the Bottom Line," *Harvard Business Review,* January–February 2013.

Table 10.4 describes common employee responses to incivility and their frequencies. Besides the obvious—that no one likes to be mistreated—experts on the topic describe the costs of incivility this way:

> The costs chip away at the bottom line. Nearly everybody who experiences workplace incivility responds in a negative way, in some cases overtly retaliating. Employees are less creative when they feel disrespected, and many get fed up and leave.[58]

Even more shocking is the prevalence and impact of incivility in health care. For instance, hospital workers whose supervisors mistreated them were less likely to share knowledge and information, which diminished their team's performance.[59] Another study found that almost 25 percent of physicians said incivility led to patient harm, and nearly 75 percent of those physicians said bad behavior in their team caused medical errors, even contributing to patient deaths.[60]

Finally, one estimate is that 13 percent of executives' time at Fortune 1000 companies is spent dealing with incivility. This equates to seven weeks per year![61] Now that you're clear on the magnitude of the problem, let's explore some causes and solutions.

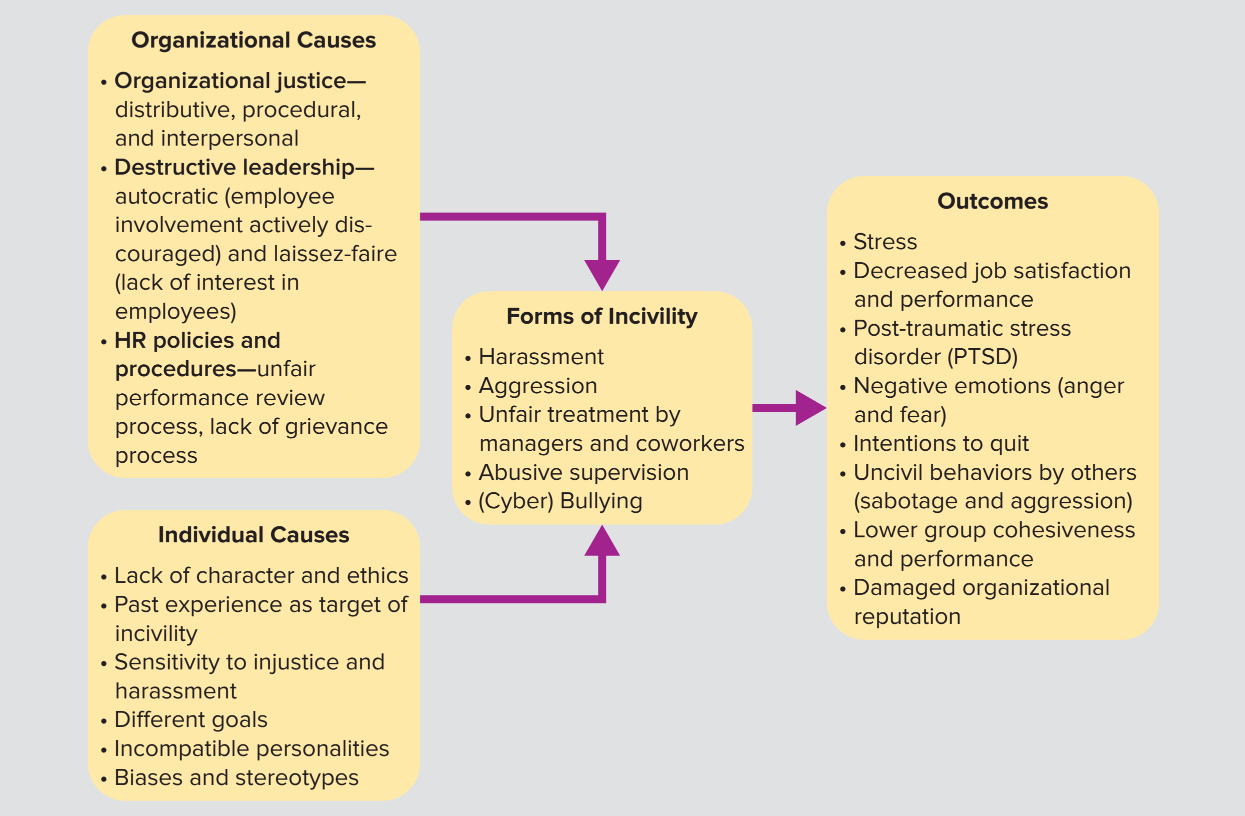
Causes of Incivility It's no surprise that both individuals and their employers can be the root cause of mistreatment at work. Figure 10.3 illustrates common causes of various forms of incivility.

Note that the causes, just like the outcomes, can occur at all three levels in the Organizing Framework. Also note that incivility is contagious, like emotions, and if unchecked it can escalate. If your boss is rude to you, then you are more likely to look for rude behavior in your interactions with others and respond accordingly (negatively). This may help explain why incivility has been shown to be catastrophic to teamwork, because it undermines collaboration and individual member performance.[62] This means bad behavior is truly an organizational problem, even if it starts with a single individual.

Bullying Bullying occurs at multiple levels in OB. Recall our discussion of counterproductive work behaviors and bullying in Chapter 2, where the Winning at Work section and a Problem-Solving Application box addressed bullying from the target's or individual's perspective. We build on these here and explore the implications of bullying at the group and organization levels. Bullying is different from other forms of mistreatment or incivility in at least three ways.[63]

1. *Bullying is usually evident to others.* Bullies at work don't have to push you down or take your lunch money, like they do in elementary school. But even when the bullying is less obvious and nonviolent, coworkers are commonly aware through either

FIGURE 10.3 CAUSES, FORMS, AND OUTCOMES OF INCIVILITY AT WORK



SOURCE: Inspired by and adapted from R. Singleton, L. A. Toombs, S. Taneja, C. Larkin, and M. G. Pryor, "Workplace Conflict: A Strategic Leadership Imperative," *International Journal of Business and Public Administration* 8 (2011), 149–156.

gossip or other forms of communication (meetings, e-mail, and social media) that someone is being bullied.

2. *Bullying affects even those who are NOT bullied.* Research shows that employees who are simply aware of bullying of colleagues but are not themselves a target are more likely to quit their jobs. This means bullying has costs that extend well beyond the harm to the person being bullied.[64] Simply witnessing or being aware that one of your colleagues is mistreated has negative effects on you.
3. *Bullying has group-level implications.* Because even those who are not targeted by bullies can be affected, bullying often negatively affects group dynamics and group satisfaction and performance,[65] important processes and outcomes in the Organizing Framework.

Given the costs of bullying, what can you and employers do? Table 10.5 provides a collection of best practices from business and research.

Cyber Bullying and Harassment Advances in technology have changed the nature of conflict at school and work.[66] The Internet and particularly social media have created new avenues and weapons for bullies at school, at work, and in our social lives. Many researchers now report that virtual bullying is more common than face-to-face bullying, although the two often co-occur.[67] Worse still, both face-to-face and cyber bullying affect their victims in two ways. Not only do the uncivil acts directly harm the targeted person, but also the *fear of future mistreatment amplifies this effect*. Given this, what can you and managers do to avoid bullying and other forms of incivility? The practices described in Table 10.5 are a good start. But it is useful for you and your employer to take specific actions to prevent and address virtual incivility (harassment and bullying) in e-mails and social media. Here are some ideas.

Brianna Wu is well known for her independent game development studio, Giant Spacekat, which has produced mobile games such as Revolution 60. But Wu also is known as the target of the now infamous online group Gamergate. As one reporter described it, "She came under attack by a vicious posse of cyber trolls intent on ruining her career, invading her privacy, destroying her reputation, and, as indicated by numerous threats, killing her." The threats have been so severe and persistent that Wu needs a security detail and avoids putting her name on the programs of different events she is invited to attend. She has received no fewer than 108 death threats.[68] Part of what makes her a target is that she is determined to develop and market "action-packed video games made for women, by women, starring kick-a$$ female characters," in what has been and still is an industry dominated by male developers.[69]

TABLE 10.5 ANTI-BULLYING STRATEGIES FOR GROUPS AND ORGANIZATIONS

Develop a workplace bullying policy.
Encourage open and respectful communication.
Develop a clear procedure for handling complaints about bullying.
Identify and model appropriate ways for people to interact with colleagues.
Develop and communicate a system for reporting bullying.
Identify and resolve conflicts quickly and fairly to avoid escalation.
Identify the situations, policies, and behaviors likely to cause bullying or allow it to occur.
Train employees to manage conflict.
Establish and enforce clear consequences for those who engage in bullying.
Monitor and review employee relationships, with particular attention to fairness.

SOURCE: Adapted from H. Cooper-Thomas, D. Gardner, M. O'Driscoll, B. Cately, T. Bentley, and L. Trenberth, "Neutralizing Workplace Bullying: The Buffering Effects of Contextual Factors," *Journal of Managerial Psychology* 28 (2013), 384–407.

Policies

- Create and enforce policies covering acceptable technology usage.
- Ensure that company technology (computers and smartphones) cannot be used anonymously.
- Communicate expectations for e-mail and social media communications outside work that affect the organization and its members.

Practices

- Enforce your policies!
- In communications, be wary of:
- The use of **bold** or UPPER CASE lettering (denoting shouting) and underlining and punctuation.
- Messages that are mean-spirited.
- Demeaning phrases.
- Personal insults.
- Avoid sending copies of e-mails related to conflicts to people who don't need to be involved—so as not to embarrass the recipient or escalate the conflict.
- Think before you hit the send button (it's a good idea to wait until the next day).
- Take appropriate action when you become aware of "conflict-producing" e-mail.[70]

Victim, Witness, or Perpetrator? You've learned about various forms of conflict, as well as potential causes and solutions. Let's conclude this section by having you assess not just your experience but also your actions. Completing Self-Assessment 10.4 can help you improve your own effectiveness.

connect SELF-ASSESSMENT 10.4

Bullying Scale—Target and Perpetrator

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 10.4 in Connect.

1. Which three example items do you most commonly experience?
2. What do you think are the causes of these examples? Try to identify causes across individual, group, and organizational levels using your OB knowledge.
3. To what extent do your most common experiences of being bullied match those you most commonly engage in?
4. Describe some things that could be done to prevent or reduce these acts of bullying.

SOURCE: From T. Glomb, "Predicting Workplace Aggression: Reciprocal Aggression, Organizational, and Individual Responses," *International Journal of Organization Theory and Behavior* 13 (2010), 249–291. Reprinted with permission.

Another way to be more effective and helpful when witnessing bullying is to take the perspective of the target. Consciously think about what it is like to be him or her, walk in his or her shoes, and experience the effects of being bullied. In a practical sense, perspective-taking can serve as a low-cost and highly effective intervention to help reduce many of the prejudices and bad behaviors often observed in work and school settings. You can also use it when mediating conflicts, because in the heat of the conflict most parties are so focused on themselves that they never think to consider the other's view.

Remember that mistreatment has more victims than the actual target. Don't be a silent bystander, but do your part to prevent and remedy various forms of incivility at school, work, and home.

10.4 EFFECTIVELY MANAGING CONFLICT

MAJOR QUESTION

What can I do to prevent, reduce, or even overcome conflict?

THE BIGGER PICTURE

We extend your knowledge in this section by introducing a number of practical means for dealing with a variety of conflicts. Specifically, we explore ways to program or *create* functional conflict. You also will learn about various conflict-handling styles and when to use them. We then explore how to implement alternative forms of dispute resolution (ADR). The practical knowledge in this section will enable you to better manage conflicts and in turn yield many important outcomes in the Organizing Framework.

Programming Functional Conflict

Have you ever been on a team or committee that got so bogged down in details and procedures it accomplished nothing? Most of us have. Such experiences are both a waste of time and frustrating. To break out of such ruts, you essentially have two options:

1. *Fan the fire and get more of the same.* Managers can urge coworkers to hunker down and slog through—simply persist. While this approach may work, it can be unreliable (conflict can escalate) and slow.
2. *Program conflict.* Managers can resort to programmed conflict. Experts in the field define ***programmed conflict*** **as "conflict that raises different opinions regardless of the personal feelings of the managers."**[71] The challenge is to get contributors to either defend or criticize ideas based on relevant facts rather than on the basis of personal preference or political interests. This positive result requires disciplined role-playing and effective leadership.

Two programmed conflict techniques with proven track records are *devil's advocacy* and the *dialectic method*. Let's explore each.

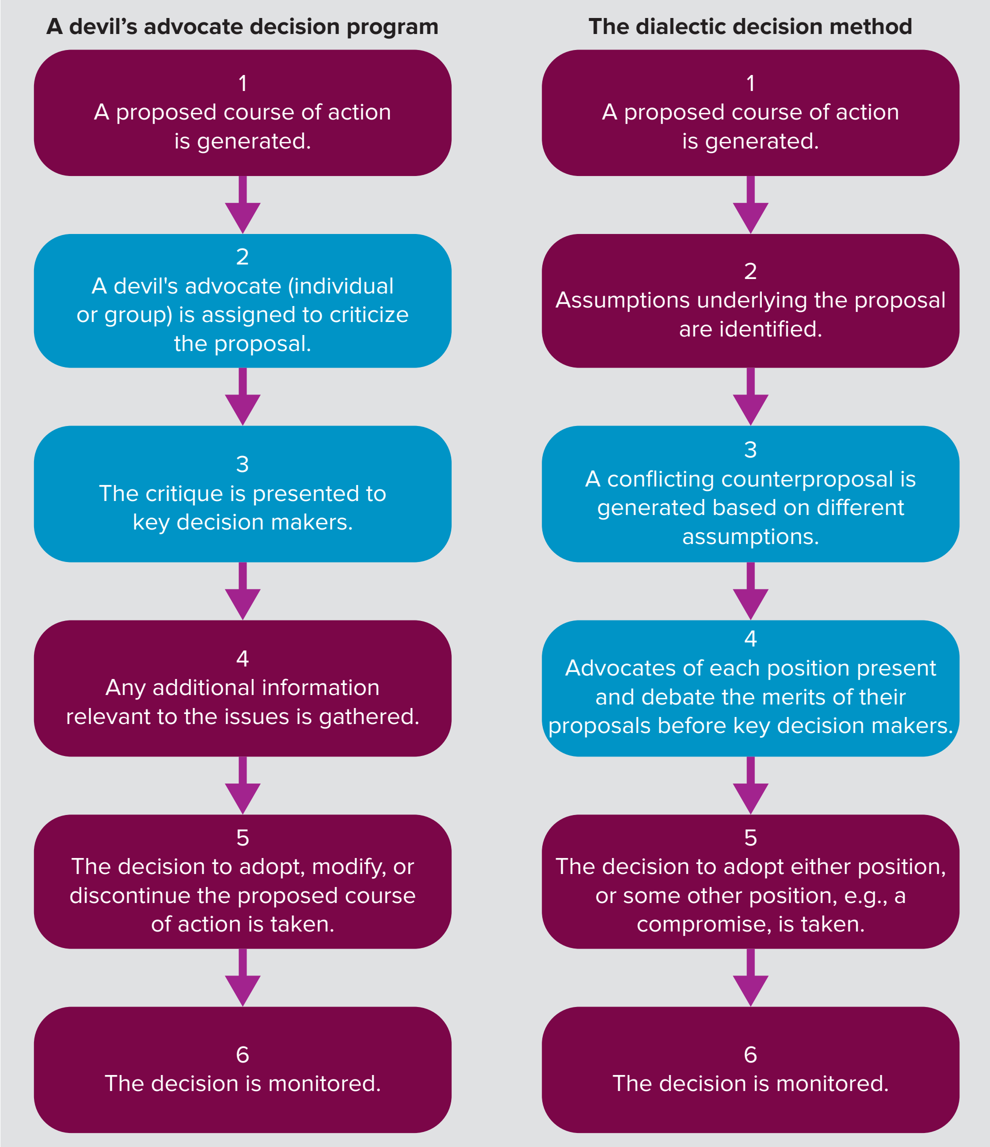
Devil's Advocacy

Devil's advocacy gets its name from a traditional practice within the Roman Catholic Church. When someone's name comes before the College of Cardinals for elevation to sainthood, it is absolutely essential to ensure that the person had a spotless record. Consequently, one individual is assigned the role of *devil's advocate* to uncover and air all possible objections to the person's canonization. In today's organizations ***devil's advocacy*** **assigns someone the role of critic.** Figure 10.4 shows the steps in this approach. Note how devil's advocacy alters the usual decision-making process in steps 2 and 3 on the left-hand side of the figure.

The Dialectic Method

Like devil's advocacy, the dialectic method is a time-honored practice, going all the way back to ancient Greece. Plato and his followers attempted to identify truths, called *thesis,* by exploring opposite positions, called *antithesis*. Court systems in the United States and elsewhere today rely on hearing directly opposing points of view to establish guilt or innocence. Accordingly, the ***dialectic method*** **calls for**

FIGURE 10.4 TECHNIQUES FOR STIMULATING FUNCTIONAL CONFLICT: DEVIL'S ADVOCACY AND THE DIALECTIC METHOD



SOURCE: From R. A. Casler and R. C. Schwenk, "Agreement and Thinking Alike: Ingredients for Poor Decisions," *Academy of Management Executive,* February 1990, 72–73. Reproduced with permission of The Academy of Management, via Copyright Clearance Center.

managers to foster a structured dialogue or debate of opposing viewpoints prior to making a decision.[72] Steps 3 and 4 in the right-hand side of Figure 10.4 set the dialectic approach apart from common decision-making processes.

Pros, Cons, and Practical Advice on Programmed Conflict It is a good idea to rotate the job of devil's advocate so no one person or group develops an undeserved negative reputation. Moreover, periodically playing the devil's advocacy role is good training for developing analytical and communication skills and emotional intelligence.

As for the dialectic method, it is intended to generate critical thinking and reality testing. A major drawback is that the goal of "winning the debate" might overshadow the issue at hand. The dialectic method also requires more skilled training than does devil's advocacy. Research on the relative effectiveness of the two methods ended in a tie, although *both methods were more effective than consensus decision making.*[73]

However, another study showed that devil's advocacy produced more potential solutions and made better recommendations for a case problem than did the dialectic method.[74]

In light of this mixed evidence, you have some latitude in choosing a method for pumping creative life back into stalled deliberations. Personal preference and the role-players' experience may well be the deciding factors in your decision. The important thing is to actively stimulate functional conflict when necessary, such as when the risk of blind conformity or groupthink is high.

Conflict-Handling Styles

People tend to handle (negative) conflict in similar ways, referred to as *styles*. Figure 10.5 shows that five of the most common styles are distinguished by the combatants' relative concern for others (*x*-axis) and for self (*y*-axis). The combinations of these two characteristics produce the conflict-handling styles called integrating, obliging, dominating, avoiding, and compromising.[75]

Integrating (also called **problem solving**): When using an ***integrating style,*** **interested parties confront the issue and cooperatively identify it, generate and weigh alternatives, and select a solution.**

Obliging (also called **smoothing**): If you have an ***obliging style,*** **you tend to show low concern for yourself and a great concern for others.** Such people tend to minimize differences and highlight similarities to please the other party.

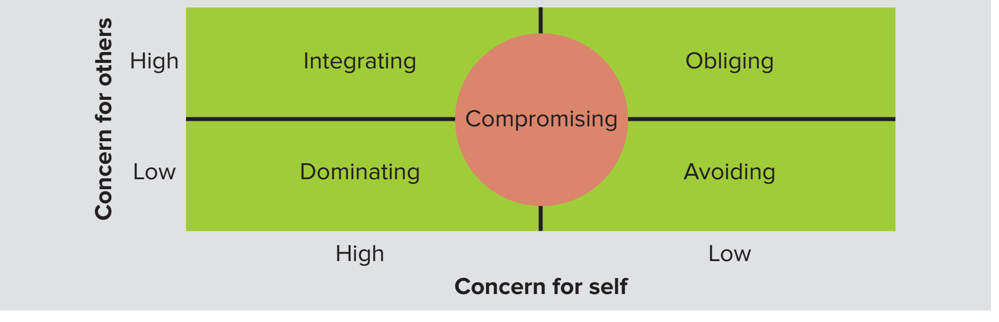
Dominating: Those with a ***dominating style*** **have a high concern for self and low concern for others,** often characterized by "I win, you lose" tactics. The other party's needs are largely ignored. This style is often called *forcing* because it relies on formal authority to force compliance.

Avoiding: With an ***avoiding style,*** **passive withdrawal from the problem and active suppression of the issue are common.** We addressed the pitfalls of avoiding conflict earlier.

Compromising: The ***compromising*** **style is a give-and-take approach with a moderate concern for both self and others.** Compromise is appropriate when parties have opposite goals or possess equal power.

Before you learn about the characteristics of these styles and the best situations in which to use each one, take Self-Assessment 10.5 to learn your own style. Then you'll be able to see whether what you learn matches your style. Better still, you'll know the situations in which your preferred style helps you and when it hurts you in handling conflict. For instance, wouldn't you like to know when an *avoiding* style is most effective?

FIGURE 10.5 FIVE COMMON CONFLICT-HANDLING STYLES



SOURCE: From M. A. Rahim, "A Strategy for Managing Conflict in Complex Organizations," *Human Relations,* 1985, 84. Reproduced with permission of Sage Publications Ltd. via Copyright Clearance Center.

connect SELF-ASSESSMENT 10.5

Preferred Conflict-Handling Style

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 10.5 in Connect.

1. What is your style? On the surface, before reading below, does this make sense to you? Why or why not?
2. Describe a conflict you've experienced in which your conflict-handling style helped you.
3. Describe a conflict in which your style didn't serve you well. Explain why.
4. Which style do you think would have been best for that particular conflict?

SOURCE: The complete instrument may be found in M. A. Rahim, "A Measure of Styles of Handling Interpersonal Conflict," *Academy of Management Journal,* June 1983, 368–376.

When to Apply the Various Conflict-Handling Styles Consistent with the contingency approach described throughout this book, conflict resolution has no "one style fits all" approach. Research and practice thankfully provide some guidance indicating which styles seem to work best in particular situations (see Table 10.6).

TAKE-AWAY APPLICATION

Reflecting on My Conflict-Handling Styles

1. Think of a conflict in your own life.
2. Which style best describes the way you handled the conflict? Was it the appropriate style?
3. Explain which style would have been most appropriate and why.

When to Avoid Pamela Valencia, an organizational development consultant and trainer to Fortune 500 companies, recommends avoiding when:

> You decide that the conflict has no value, and that you're better off saving your time and energy for other matters. Additionally, this can be a good temporary solution if you need more time to gather facts, refocus, take a break, or simply change the setting of the conflict. However, be sure not to avoid people in your attempt to avoid conflict—don't be evasive.[76]

Why Styles Matter Because conflict is so pervasive, it is no surprise that researchers and managers have both devoted considerable attention to the topic. Key points about conflict-handling styles follow:

1. **Culture.** Conflict-handling styles are not just an individual-level phenomenon. Departments and entire organizations can develop the same styles—integrating, dominating, and avoiding. And leaders' own styles have the greatest influence in determining which style gets embedded in the group or organization.
2. **Results.** Cooperative styles (integrating and obliging) improved new-product development performance between buyers and suppliers across several industries in Hong Kong. In contrast, uncooperative styles (dominating and avoiding) increased numerous types of conflicts and hampered new-product development. Compromising had

TABLE 10.6 STYLES FOR HANDLING INTERPERSONAL CONFLICT AND THE SITUATIONS WHERE THEY ARE APPROPRIATE AND INAPPROPRIATE

Style	Appropriate	Inappropriate
Integrating	1. Issues are complex. 2. Synthesis of ideas is needed to come up with better solutions. 3. Commitment is needed from other parties for successful implementation. 4. Time is available for problem solving. 5. One party alone cannot solve the problem. 6. Resources possessed by different parties are needed to solve their common problem.	1. Task or problem is simple. 2. Immediate decision is required. 3. Other parties are unconcerned about outcome. 4. Other parties do not have problem-solving skills.
Obliging	1. You believe that you may be wrong. 2. Issue is more important to the other party. 3. You are willing to give up something in exchange for something from the other party in the future. 4. You are dealing from a position of weakness. 5. Preserving relationship is important.	1. Issue is important to you. 2. You believe that you are right. 3. The other party is wrong or unethical.
Dominating	1. Issue is trivial. 2. Speedy decision is needed. 3. Unpopular course of action is implemented. 4. Necessary to overcome assertive subordinates. 5. Unfavorable decision by the other party may be costly to you. 6. Subordinates lack expertise to make technical decisions. 7. Issue is important to you.	1. Issue is complex. 2. Issue is not important to you. 3. Both parties are equally powerful. 4. Decision does not have to be made quickly. 5. Subordinates possess high degree of competence.
Avoiding	1. Issue is trivial. 2. Potential dysfunctional effect of confronting the other party outweighs benefits of resolution. 3. Cooling-off period is needed.	1. Issue is important to you. 2. It is your responsibility to make decision. 3. Parties are unwilling to defer. 4. Prompt attention is needed.
Compromising	1. Goals of parties are mutually exclusive. 2. Parties are equally powerful. 3. Consensus cannot be reached. 4. Integrating or dominating style is not successful. 5. Temporary solution to a complex problem is needed.	1. One party is more powerful. 2. Problem is complex enough to need problem-solving approach.

SOURCE: M. A. Rahim, "Toward a Theory of Managing Organizational Conflict," *The International Journal of Conflict Management* 13 (2002), 206–235.

no effect on performance in these same situations.[77] New-product development relationships are increasingly important in the global economy. Give careful consideration to the styles you use when working with such partners.

3. **Reduced turnover.** Research with nurses showed that those with high levels of emotional intelligence were more inclined to use collaborative styles and less likely to use accommodating conflict-handling styles.[78] Given the intense shortage of nurses in many parts of the world, turnover is a critical and top-of-the-mind issue for nursing managers and health care administrators alike. Therefore, reducing conflict (bullying) is an important and effective means for reducing turnover.
4. **Contingency approach.** No one style is best for every situation. Employees and managers are both well served to apply a contingency approach to conflict-handling styles.

Third-Party Interventions: Alternative Dispute Resolution

Disputes between employees, between employees and their managers or employers, and between companies too often end up in lengthy and costly court battles. US businesses spend hundreds of billions of dollars per year on *direct legal costs*. But this number is puny when compared to *indirect legal costs,* such as opportunities not pursued due to litigation concerns, disclaimers, and extra testing. All such costs are ultimately passed on to consumers in the form of higher prices.[79]

A more constructive, less expensive approach called alternative dispute resolution has grown rapidly in recent years. The benefit of ***alternative dispute resolution (ADR)* is that it "uses faster, more user-friendly methods of dispute resolution, instead of traditional, adversarial approaches, such as unilateral decision making or litigation."**[80]

The Many Forms and Progression of ADR

You may not realize it, but you already know of many forms of ADR, such as peer review, arbitration, and mediation. We will discuss these and more in a moment. These techniques represent a progression of steps third parties can take to resolve organizational conflicts.[81] ADRs have four general benefits over litigation:

1. **Speed.** Mediation, for example, often takes only a few hours and has a 70 to 80 percent success rate. This track record is in stark contrast to the months or even years litigation often requires, not to mention the numerous other costs.
2. **Low cost.** Research shows that ADRs generally cost 90 percent less than litigation.
3. **Confidentiality.** Because of the discovery process and other legal requirements, confidentiality is limited in legal proceedings. However, ADRs often provide near-complete control over what's disclosed and what's not. Moreover, decisions of ADRs are rarely formalized like the outcomes of lawsuits, which means there is no record to be made public or to use as precedent in future conflicts.
4. **Winning solutions.** Courts rule based on the law, and their decisions are almost always win or lose, with one party writing a check to the other. ADRs, in contrast, can often reach win–win solutions arranged by the parties themselves.[82]

The benefits of alternative dispute resolution are clearly acknowledged in the business world; 97 percent of Fortune 1000 companies use mediation (a form of ADR) for some purpose.[83] Now that you know the benefits of ADRs, let's learn about the various forms. Table 10.7 ranks them from easiest and least expensive to most difficult and costly.

We close this section with a reminder. The time to consider the various forms of ADR is when a conflict first comes to light. Regardless of the issue, you are wise to evaluate likely costs and opportunities associated with conflict before it escalates, causing legal action, fees, and anger to foreclose more functional or constructive outcomes.

TABLE 10.7 DIFFERENT FORMS OF ALTERNATIVE DISPUTE RESOLUTION (ADR)

Form of ADR	Description
Facilitation	A third party, usually a manager, informally urges disputing parties to deal directly with each other in a positive and constructive manner.
Conciliation	A neutral third party informally acts as a communication conduit between disputing parties. This is appropriate when conflicting parties refuse to meet face-to-face. The immediate goal is to establish direct communication, with the broader aim of finding common ground and a constructive solution.
Peer Review	A panel of trustworthy coworkers, selected for their ability to remain objective, hears both sides of a dispute in an informal and confidential meeting. A decision by the review panel may or may not be binding, depending on the company's ADR policy. Membership on the peer review panel often is rotated among employees.[84]
Ombudsman	Someone who works for the organization, and is widely respected and trusted by his or her coworkers, hears grievances on a confidential basis and attempts to arrange a solution. This approach, more common in Europe than in North America, permits someone to get help from above without relying on the formal chain of hierarchy.
Mediation	A neutral and trained third party guides the others to find innovative solutions to the conflict. To ensure neutrality, most organizations hired ADR qualified outsiders.[85] Unlike an arbitrator, a mediator does *not* render a decision. It is up to the disputants to reach a mutually acceptable decision. The Equal Employment Opportunity Commission (EEOC) implemented mediation in the 1990s and cut the average time to resolution by 80 percent![86]
Arbitration	Disputing parties agree ahead of time to accept the decision of a neutral arbitrator in a formal courtlike setting, often complete with evidence and witnesses. Statements are confidential, and decisions are based on the legal merits of the case. Trained arbitrators, typically from outside agencies such as the American Arbitration Association, are versed in relevant laws and case precedents. In many instances, employee arbitration is mandatory for resolving disputes. Heated debate has occurred over the past several years, however, regarding mandatory versus voluntary arbitration. On the one hand, many employers have not reaped the time and cost savings promised by arbitration and now prefer to litigate. On the other, many employees feel arbitration unfairly benefits employers, who hire skilled arbitrators whose job it is to handle such disputes.[87]

10.5 NEGOTIATION

MAJOR QUESTION

What are some best practices for effective negotiation?

THE BIGGER PICTURE

Life is an endless series of negotiations. It therefore is valuable to better understand negotiation and related strategies. We discuss different forms and tactics of negotiation in this section because they are both the cause and remedy of many conflicts. And they can influence outcomes across all three levels of the Organizing Framework.

Negotiation **is a give-and-take decision-making process between two or more parties with different preferences.** A common example is labor–management negotiations over wages, hours, and working conditions. Negotiation is even more important today given the increasingly complex and competitive workplace. More personally, you'll negotiate many job salaries and promotions and other factors related to your own jobs and career. And you'll be expected to accomplish more things, in more places, with more people, which increases the value of your negotiation skills.

Two Basic Types of Negotiation

Negotiation experts often distinguish between two fundamental types of negotiation—position-based or distributive, and interest-based or integrative. Understanding the difference has great practical value.

Position-Based vs. Interest-Based A ***distributive negotiation*** **usually concerns a single issue—a "fixed pie"—in which one person gains at the expense of another.**[88] This win–lose approach is arguably the most common type of negotiation and is characterized by dividing up the pieces of a pie. There is only so much pie to go around, and two (or more) parties negotiate over who gets how much or which parts. Haggling over the price of a car is a position-based or distributive negotiation. You have a particular price you want, and you get it only if the seller compromises on the price he or she desires.

However, many conflicts bring together a variety of interests (not just the price of a car), and each party in the negotiation values those interests differently. The outcome is no longer a fixed pie distributed among all parties. Instead, a host of interests are integrated into a mutually satisfying solution. Such scenarios call for ***integrative negotiation,*** **in which a host of interests are considered, resulting in an agreement that is satisfactory for both parties.**[89] This kind of interest-based negotiation is a more collaborative, problem-solving approach. As one group of researchers puts it, instead of dividing a pie, as in position-based negotiation, interest-based negotiations often generate win–win outcomes—one party gets the crusts and the other the fruit (the part each prefers). Interest-based negotiations may even lead to creative solutions. The parties may decide to build a pie factory together instead of negotiating over individual pies.[90]

Table 10.8 describes some key differences between conventional position-based negotiation and the more collaborative interest-based process.

TABLE 10.8 KEY CHARACTERISTICS OF THE TWO FUNDAMENTAL FORMS OF NEGOTIATION

Position-Based Negotiation	Interest-Based Negotiation
Adversarial	Partner
Focus on winning	Focus on challenge to be met
Acquire the most value	Create value for all parties
Personal goal focused	Solution focused
Impose or sell your own position	Find mutual interests and satisfaction
Use salesmanship and manipulation	Make honest disclosure of respective interests
Choose between relationship and achieving goals	Emphasize relationship and substance
Yield reluctantly to other positions/ interests	Be open and willing to yield
Outcomes are win–lose or compromise	Win–win collaborative outcomes are possible

SOURCE: Adapted from K. Campbell and R. O'Leary, "Big Ideas for Big Problems: Lessons from Conflict Resolution for Public Administration," *Conflict Resolution Quarterly,* Winter 2015, http://onlinelibrary.wiley.com/doi/10.1002/crq.21146/abstract.

Applying a Collaborative Interest-Based Approach The collaborative, interest-based approach is explicitly based on problem solving, and it can be applied between two or more individuals, between an individual and a group, or between two or more groups. The following protocol is followed by renowned negotiator Christina Merchant.[91]

1. Define and frame the issue in terms of parties' interests.
2. Explain the respective interests (listen, learn, and share).
3. Explore expanding the pie (create value rather than claiming it).
4. Create options.
5. Evaluate options in light of the interest described in step 1.
6. Choose the option that best meets the interest described.
7. Develop and agree on a plan of implementation.

Factors to Consider in All Negotiations Regardless of your negotiation approach, finding areas of common ground can be difficult. Successful negotiators are able to weigh multiple issues and gather information about which are most important to the other parties and why. Research and practice provide some helpful hints:

- **Know who you are.** Personality matters. Research shows that people with high levels of agreeableness are best suited for integrative negotiations, whereas those low in this personality characteristic are better at distributive negotiations.[92] Why do you think this is?
- **Manage outcome expectations.** In most negotiations, each party has an expected outcome and compares it to the actual outcome.[93] Skilled negotiators manage expectations in advance of actual negotiations. For example, if two people paid $35,000 for a car, then the one who expected to pay $33,000 was disappointed and the one who expected to pay $37,000 was delighted. Similarly, managers will often

Many people say we are negotiating all the time and throughout our lives. Buying a car is one such instance. These transactions are excellent opportunities to apply your OB knowledge and improve your outcomes—more car for less money.
© OJO Images Ltd/Alamy RF

send out a message saying, "It's been a tough year" in advance of annual reviews and salary discussions.

- **Consider the other person's outcome.**[94] Of course you negotiate for your own benefit. But it also matters how the other party fares—is he or she satisfied?
- **Adhere to standards of justice.**[95] Not only do the outcomes need to be perceived as fair (distributive justice), but so too do the processes by which they were attained. For instance, nobody likes to be taken advantage of, such as by having incomplete information. Again, think of buying a new car. The dealer knows all the numbers, and despite the best information the web has to offer, you are still never as well informed.
- **Remember your reputation.**[96] You may "win" today, only to foreclose opportunities in the future. Put another way, winning at all costs often has significant costs!

Considering these factors can help you decide whether you should pursue a particular position (you win, they lose), or whether you're better off reaching a collaborative, interest-based agreement that leaves both parties satisfied.

Emotions and Negotiations

Many people believe good negotiators show no emotion, like Roger Federer on the tennis court. But as you've learned, emotions are an integral part of the human experience and of almost everything we do. Negotiation experts and researchers acknowledge this and provide guidance on how to use emotions to your advantage. Remember that emotions are contagious. If you want the other party to be calm, creative, or energetic, consider showing these emotions yourself.

Preparation is critical to effective negotiations. The following tips can help you prepare emotionally for an upcoming negotiation.

1. **Identify your ideal emotions.** How do you want to feel going into the negotiation? Why? Many people answer this question quickly and say, "Calm but assertive," but

OB in Action

Take It from an FBI International Hostage Negotiator[97]

Negotiating a pay raise or the price of a new car is stressful. But if you had Christopher Voss's former job, you would be negotiating on behalf of the FBI for the safe return of hostages in many of the most unstable, war-torn parts of the world. That is an entirely different type of stress. Voss is therefore eminently qualified to teach us all something special about effective negotiations. He offers the following advice:

- **Be likable!** People are six times more likely to make a deal with someone they like.
- **Confirm your understanding.** Ask questions of the other side to be sure your perceptions of their position are accurate.
- **Let the other side go first.** Regardless of how important the outcome is to you, you'll benefit from learning the other parties' interests. What is their position? What do they want? What challenges do they see? You'll never have all the facts, but do what you can to learn what you can early in the process.
- **Don't make too much of body language.** Look for all nonverbal cues, such as tone and volume of voice and facial expressions; sometimes they are quite telling. But don't rush to conclude that folded arms or crossed legs mean resistance.
- **Mind your emotions.** Anger most often generates resistance and defensiveness, which never help your cause. Anger can be used strategically, but beware of it and of other unintended and unproductive emotions.
- **Be ready to say, "That doesn't work for me."** It is important to be willing to say no and walk away. Just be sure to do it gracefully; you don't want to burn bridges unnecessarily. Says Voss, "If you're not willing to say no, you've taken yourself hostage."

YOUR THOUGHTS?

1. Which of Voss's recommendations do you most often follow?
2. Which do you never use? Why?
3. What are two specific things you can do to be more likable during a negotiation?
4. Think of two questions you can use to confirm your accurate understanding of the other's position.

when probed further they reveal other, if not competing, emotions. The challenge is to realize which emotions will best suit your objectives, and be mindful of them while negotiating.

2. **Manage your emotions.** What can you do in advance to put yourself in the ideal emotional state? Promote positive emotions. Choose appropriately—meditation to calm you down or perhaps music that pumps you up. If you are ambushed or put on the spot, such as by an unexpected phone call or somebody stopping by your office, buy some time and say to your negotiating partner, "I just need to wrap up what I'm doing, and I'll call you back in 10 minutes." This will give you time to regain the appropriate emotional state.

3. **Know your hot buttons.** What can throw you off balance? Some people seem eternally patient, while others get frustrated easily. And some negotiators try to push your hot buttons as a deliberate tactic. Know your own tendencies and be sure to manage them appropriately.
4. **Keep your balance.** Everyone loses balance once in a while. How will you regain it if lost? Taking a break is a good idea. Stepping out, going to the restroom, or simply calling a "time-out" can provide a break in the action and enable you to regroup. These same tactics can redirect a negotiation that has gone in the wrong direction. You also may want to redirect to higher-level issues, especially if you are getting bogged down in details.
5. **Identify your take-away emotions.** How do you want to feel when you're finished? Many people say, "Relieved," which signifies the stress many of us feel while negotiating. Others say, "Satisfied," which speaks more to performance. Whatever the case for you, set goals for emotions just as you do for other outcomes in negotiations (and in the Organizing Framework).[98]

TAKE-AWAY APPLICATION

Planning My Negotiations

Identify an upcoming negotiation or an existing conflict that you need to address.

1. Make a plan using the guidelines above.
2. What do you anticipate the benefits of the guidelines will be for the situation you chose?
3. After implementing your plan, reflect on the outcome. Which of the above tips were most helpful?

Do emotions affect position-based and interest-based negotiations differently? The answer appears to be yes. Recent research showed that expressing emotional ambivalence—not clearly positive or clearly negative—can be detrimental in position-based negotiations. The rationale is that it invites the other side to be assertive and take advantage of you. However, in interest-based negotiations, emotional ambivalence was shown to increase value creation. Being ambivalent, rather than clearly positive or negative emotionally, tends to facilitate cooperation and allow you the opportunity to integrate the negotiators' interests.[99]

Nonverbal communications also help convey your emotions during negotiations. You can smile, laugh, or flinch in reaction to a first offer, for example. This signals to your counterpart that his or her proposal is outside your ***zone of possible agreement or ZOPA*****—the range of possible outcomes you are willing to accept.**[100] Be clear about your ZOPA regardless of the form of negotiation you choose. Now let's close this section and chapter with a discussion of ethics and negotiations.

Ethics and Negotiations

The success of negotiations is often influenced to a large extent by the *quality* of information exchanged. Telling lies, hiding key facts, and engaging in other potentially unethical tactics erodes trust and goodwill, both of which are vital in successful negotiations. Awareness of these dirty tricks can keep good-faith bargainers from being unfairly exploited. See Table 10.9 for a list and description of unethical negotiating tactics. These behaviors also need to be factored into organizational codes of ethics, and every employee from the top to the bottom of the organization must adhere to them.

TABLE 10.9 QUESTIONABLE AND UNETHICAL TACTICS IN NEGOTIATIONS

Tactic	Description/Clarification/Range
Lies	Subject matter for lies can include limits, alternatives, the negotiator's intent, authority to bargain, other commitments, acceptability of the opponent's offers, time pressures, and available resources.
Puffery	Among the items that can be puffed up are the value of one's payoffs to the opponent, the negotiator's own alternatives, the costs of what one is giving up or is prepared to yield, importance of issues, and attributes of the products or services.
Deception	Acts and statements may include promises or threats, excessive initial demands, careless misstatements of facts, or asking for concessions not wanted.
Weakening the opponent	The negotiator here may cut off or eliminate some of the opponent's alternatives, blame the opponent for his own actions, use personally abrasive statements to or about the opponent, or undermine the opponent's alliances.
Strengthening one's own position	This tactic includes building one's own resources, including expertise, finances, and alliances. It also includes presentations of persuasive rationales to the opponent or third parties (e.g., the public, the media) or getting mandates for one's position.
Nondisclosure	Includes partial disclosure of facts, failure to disclose a hidden fact, failure to correct the opponents' misperceptions or ignorance, and concealment of the negotiator's own position or circumstances.
Information exploitation	Information provided by the opponent can be used to exploit his weaknesses, close off his alternatives, generate demands against him, or weaken his alliances.
Maximization	Includes demanding the opponent make concessions that result in the negotiator's gain and the opponent's equal or greater loss. Also entails converting a win–win situation into win–lose.

SOURCE: From H. J. Reitz, J. A. Wall Jr., and M. S. Love, "Ethics in Negotiation: Oil and Water or Good Lubrication?" *Business Horizons,* May–June 1998.

As we've noted, conflict and negotiations are affected by and in turn influence many elements in the Organizing Framework. They can determine your personal satisfaction and performance throughout your professional life. Apply your knowledge of conflict and negotiation to realize its true value.

What Did I Learn?

In this chapter you learned that by managing conflict and applying sound principles in negotiation, you gain an advantage in working for better outcomes at work, school, and home, and across all levels of organizations. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Organizing Framework. Finally, challenge your mastery of this chapter by answering the Major Questions in your own words.

Key Points for Understanding Chapter 10

You learned the following key points.

10.1 A CONTEMPORARY VIEW OF CONFLICT

- Conflict occurs when one party perceives that its interests are opposed or negatively affected by another.
- Conflict can be either functional or dysfunctional.
- People avoid conflict for many reasons, but doing so can cause it to escalate.
- Positive outcomes of conflict often fit into three categories: agreement, stronger relationships, and learning.

10.2 CONVENTIONAL FORMS OF CONFLICT

- Common forms of conflict are personality and intergroup.
- We can avoid or overcome personality conflicts by communicating directly with the other party(ies), avoiding needlessly involving others, and, if necessary, pursuing help from superiors or human resource specialists.
- Intergroup conflicts can be avoided or overcome if we distinguish between conflict states and processes, apply the contact hypothesis, and create a psychologically safe climate.

10.3 FORMS OF CONFLICT INTENSIFIED BY TECHNOLOGY

- Work–family conflict occurs when the demands or pressures from work and family domains are mutually incompatible.
- Work–family conflict can be addressed in many ways, such as by balancing demands between the different domains and implementing supportive employee policies and managerial practices, including flex space and flextime.
- Incivility (bullying and harassment) has negative consequences not only for targeted employees but also for coworkers who witness it.
- Cyber bullying is a particularly problematic form of incivility that must be monitored and addressed by organizational policies and practices.

10.4 EFFECTIVELY MANAGING CONFLICT

- Functional conflict can be fostered using several approaches, such as programmed conflict, devil's advocacy, and the dialectic method.
- Five common conflict-handling styles are integrating, obliging, dominating, avoiding, and compromising.
- Forms of alternative dispute resolution (ADR) include facilitation, conciliation, peer-review, ombudsman, mediation, and arbitration.

10.5 NEGOTIATION

- Negotiation is a give-and-take decision-making process involving two or more parties with different preferences.
- Position-based negotiation usually focuses on a single issue—dividing a "fixed pie"—in which one person gains at the expense of another.
- Interest-based negotiation seeks agreements that are better for both parties than they would have reached through position-based negotiation.
- Emotions and ethics affect any and all negotiations.

The Organizing Framework for Chapter 10

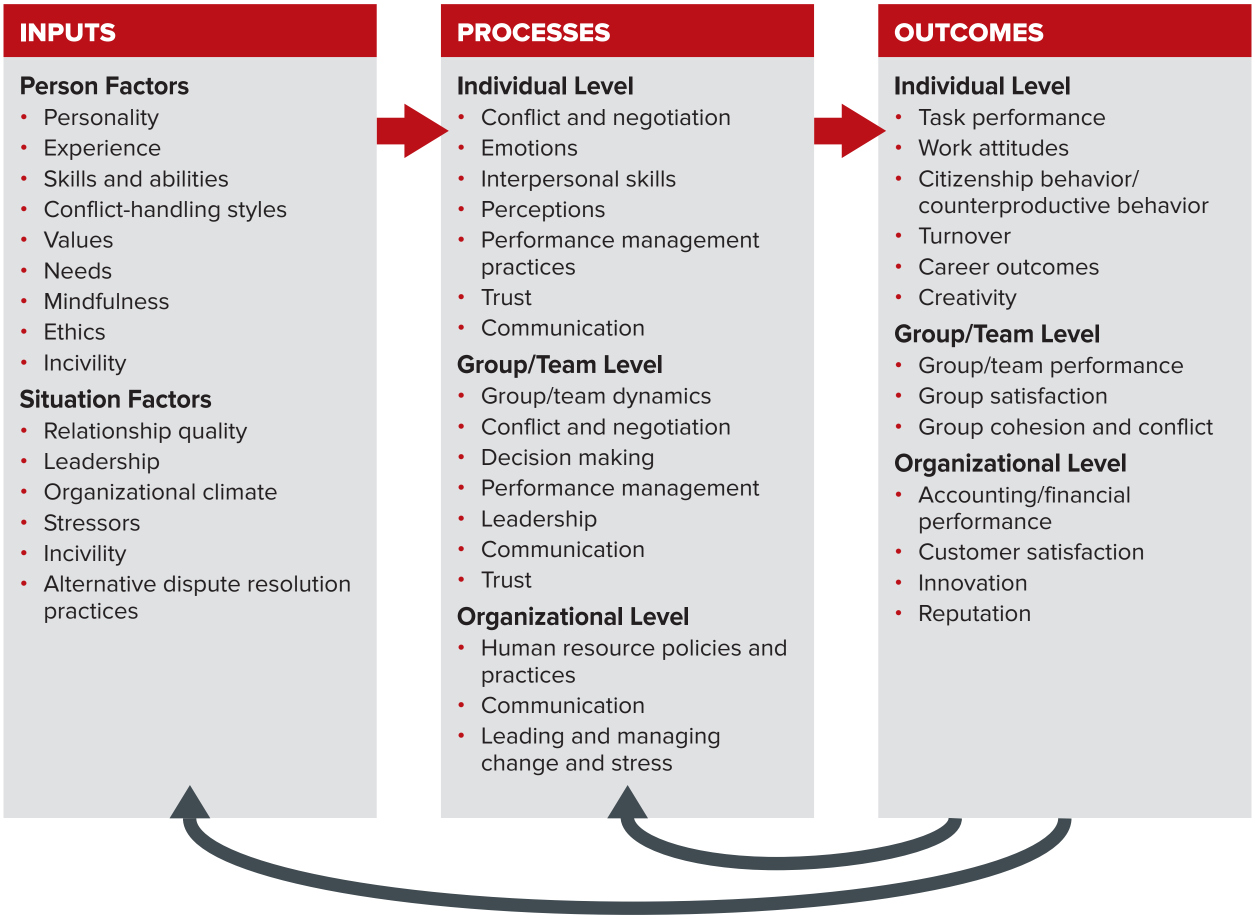
As shown in Figure 10.6, you learned that conflict is an inevitable part of organizational life and serves as an especially important group/team-level process in the Organizing Framework. The way you manage conflict can influence outcomes across all levels of OB. You also learned that the process of negotiation is a valuable tool for preventing and managing conflict, as well as achieving goals.

Challenge: Major Questions for Chapter 10

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 10.6, the chapter itself, and your notes to revisit and answer the following major questions:

1. How can a contemporary perspective on conflict make me more effective at school, work, and home?
2. What are some types of conflict and how can I manage them to my benefit?
3. What can I do to manage work–family conflict and incivility to make me more effective at school, work, and home?
4. What can I do to prevent, reduce, or even overcome conflict?
5. What are some best practices for effective negotiation?

FIGURE 10.6 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



IMPLICATIONS FOR ME

We highlight eight practical nuggets for you. First, realize that not all conflict is bad or should be avoided. Some amount of functional conflict is desirable and can help you develop as an individual. Be especially mindful of this if you run your own business or wish to do so someday. Conflict can lead to growth. Second, be sure to tend to dysfunctional conflict and don't allow it to escalate, costing you jobs and relationships. Third, personality conflicts are almost certain to happen. Table 10.2 can be very helpful in dealing with them. Fourth, be mindful of work–school–family conflicts. The way you manage them can dramatically affect your personal fulfillment and flourishing in life. Do what you can to balance demands from the various arenas of your life, and look for companies that are also mindful of this and have family-friendly policies *and leaders.* Fifth, beware of the many forms of incivility at work. Don't underestimate their causes and effects. Beyond what your employer requires through policies and practices, civility, like ethical conduct, starts with the behavior of individuals. Table 10.5 can help clarify what to do. Sixth, use your knowledge of conflict-handling styles and your own preferences to be more effective when dealing with groups and teams. Table 10.6 is an excellent guide to which style to use given the situation. Seventh, continue to expand your knowledge and skill using interest-based negotiations. Doing so can help you avoid and overcome the resistance common in position-based negotiations. You're often better off to approach the other parties as partners than adversaries. Finally, the knowledge and tools in this chapter are essential if you hope to manage people effectively. Apply your knowledge and build your skills!

IMPLICATIONS FOR MANAGERS

We provide seven practical steps for you as a manager. First, distinguish between conflict states and conflict processes. Doing so will make you more effective at avoiding and remedying conflict as a manager. Second, managing intergroup conflict can make or break your own opportunities and successes. Perhaps the single best way to avoid such conflicts, as well as to deal with them, is to create a psychologically safe climate. Third, beware of the many forms of incivility at work. As a manager you are responsible for knowing what is happening and intervening and following up. Do not underestimate how destructive incivility is to individuals, your team, and your larger organization. Not only the targets suffer. Your own actions are the single most powerful tool you have. Don't tolerate bad behavior. Use Table 10.5 as a guide. Fourth, utilize devil's advocacy and the dialectic method to arrive at better decisions and be more inclusive. Fifth, use your knowledge of conflict-handling styles and of your own preferences to become more effective when dealing with groups and teams. Table 10.6 is an excellent guide for which style to use in a given situation. Sixth, become familiar with the alternative dispute resolution choices and use the appropriate remedy (Table 10.7). Seventh, taking an interest-based approach to negotiating with those you manage, and more generally with those with whom you work, can improve their level of trust in you and thus boost your effectiveness.

PROBLEM-SOLVING APPLICATION CASE

What About McDonald's Other Customers?

BACKGROUND AND SCALE

Sixty-nine million. That is the number of customers McDonald's serves per day around the world! The company does a staggering volume of business. But it might surprise you that despite the brand's global reach and incredible staying power, it is in the midst of a serious conflict with its other important customers—its franchisees. McDonald's has 5,000 franchisees around the world who run 82 percent of the chain's 36,000 restaurants, accounting for just under $30 billion or a third of the company's total revenue and employing 90 percent of its employees. This means the average franchisee operates six to seven restaurants, and the company lives or dies by their performance.[101]

TROUBLE UNDER THE GOLDEN ARCHES

The relationship between the company and its franchisees is very complicated and increasingly strained. While franchisees own their respective businesses, McDonald's owns the land and buildings they use. That means the company is the landlord and has ultimate say over whether particular restaurants open or close. The company also largely dictates menu items, required equipment, and most other details, including pricing in many instances. (One franchisee said he controls the price of fewer than 20 of 100 menu items.)[102]

Franchisees must follow directions from the company and pay an assortment of expenses and fees, such as rent of 15 percent of revenues, a royalty of 5 percent of revenues, and 5 percent of revenues for advertising.[103] On top of this, various additions to the menu require new equipment. The McCafe coffee and espresso equipment can cost up to $20,000 per machine, expanding grill space to accommodate all-day breakfast takes another $5,000, and installing a second drive-thru window can cost $100,000.[104] A milkshake machine costs $20,000, and a new grill $15,000.[105] While the corporation focuses on the restaurants' top line, operators worry about what's left after paying rent, payroll, royalties, and other expenses.[106]

Last but not least, if the movement to boost minimum wages to $15 across the country succeeds, the burden will fall on the franchisees. McDonald's decided to raise wages in all its corporate-owned restaurants to $1 above the minimum wage. The move was presumably intended to help keep up with similar wage hikes by Walmart and Target,[107] with whom the company often competes for employees. The problem? Corporate stores compete with franchisees too and don't bear the costs outlined above. A wage hike will likely have a much smaller impact on the corporate-owned stores versus the franchisees.

IMPACT AND POTENTIAL CAUSES

The franchise model has worked very well for McDonald's and the majority of its franchisees. Revenues have exceeded expenses and many franchisees have become quite wealthy, which explains why many own multiple restaurants. However, franchisee satisfaction and performance have steadily declined. In 2015, for the first time McDonald's closed more stores than it opened, and the level of same-store sales (a key performance measure) also declined. Franchisees and Wall Street analysts attribute much of the lackluster performance and conflict to poor corporate leadership and policies. Corporate leaders dictate menu items, pricing, and strategy to franchisees. The addition of McWraps, salads, yogurt parfait, and specialty coffees, for instance, were meant to compete with the likes of Chipotle, Burger King, Shake Shack, and Wendy's, as well as to keep up with evolving customer tastes.[108]

Boosted sales is certainly a good outcome for the corporate arm of the company, given it takes a cut of all revenues, but franchisees argue that enough money isn't left over for them. Some initiatives, like the dollar menu, are actually money losers for some franchisees, yet it is difficult not to offer them because of national advertising that promotes them, not to mention pressure from regional and corporate representatives. Another franchisee provided an example. "One time our coffee price was a nickel over what the advertising price was and the head of the McDonald's region came in and he said: 'You are over. You can't do this.' That was the first time he told us to sell our business."[109]

Beyond the financial implications, many franchisees also feel various initiatives have eroded the McDonald's brand, which makes "the promise of serving good-tasting food fast." The company requires that any order be filled in 90 seconds or less, which many franchisees say is unrealistic for many (new) menu items. These standards will be put to the test yet again with the "Create Your Taste" initiative, which allows customers to personalize their burgers. One longtime but now former franchisee, Al Jarvis, said in an interview that he "loves the taste, but the complexities of making it came to epitomize his disillusionment with McD's. 'The service times went up because of the expansion of the menu . . . I think they went a little overboard. When I would . . . see cars backed up at the drive-thru my stomach would just knot up. The people were different, the company was different. It became very frustrating . . . I wanted to get the hell out.'" And he did.[110]

There is evidence to support Jarvis's concerns. The American Customer Care Satisfaction Index Restaurant Report for 2015 ranked McDonald's dead last among all fast-food restaurants. This index measures staff courtesy, speed of checkout or delivery, food quality, and order accuracy.[111] The frustration Jarvis expressed is increasingly common and has generated an "us vs. them" dynamic between franchisees and McDonald's corporate staff.

Franchisees also perceive that McDonald's is using them as a shield, for instance, in deflecting the question of wages by saying it is up to franchisees to do as they see fit. Doing one thing at corporate-owned stores, which account for only 10 percent of employees, and doing something else at franchise stores has the potential of creating more intense conflicts. Steve Easterbrook, relatively new as CEO, is aware of the performance challenges and determined to make significant changes. It will be up to McDonald's employees and franchisees at all locations to effectively implement them.[112]

If you were CEO, what would you do to help overcome the challenges raised by franchisees while meeting McDonald's goals?

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Use the Organizing Framework in Figure 10.6 and the 3-Step Problem-Solving Approach to help identify inputs, processes, and outcomes relative to this case.

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. In this case you're asked to assume the role of CEO.

C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework for Chapter 10 and is shown in Figure 10.6. Causes will tend to show up in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework (Figure 10.6) and decide which person factors, if any, are most likely causes of the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, do employee characteristics help explain the problem you defined in Step 1?

B. Follow the same process for the situation factors. For each ask yourself, *Why is this a cause?* By asking why multiple times, you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for this chapter for guidance.

C. Now consider the Processes box in the Organizing Framework. Are any processes at the individual, group/team, or organizational level potential causes of your defined problem? For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes you identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Consider the OB in Action and Applying OB boxes, because these contain insights into what others have done that might be especially useful for this case.

B. Be sure to consider the Organizing Framework—both person and situation factors—as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Arbitration and a Snowball's Chance[113]

As you likely knew before you read this chapter, arbitration is an alternative form of dispute resolution. In theory and in practice it often is intended to save time and money and achieve better outcomes than going to court. If you haven't actually been involved in arbitration, you might be surprised to know you have likely agreed to it many times without knowing it. Most cell phone, cable, Internet, online shopping, and credit card agreements now contain arbitration clauses. In the fine print of their service agreements are buried the words, "The company may elect to resolve any claim by individual arbitration." This means the company reserves the right to settle any dispute you raise as an individual, or as a group via class-action, using arbitration. You essentially forfeit your constitutional rights to sue and agree to be bound by the decision of a third party, often hired by the company against which you have a complaint.

A 2015 investigation by *The New York Times* revealed that such clauses are increasingly inserted in consumer and employment contracts as a way to work around the courts, limiting consumers' recourse both as individuals and collectively in class-action suits. Proponents of the bans say arbitration clauses work just as intended: They save time and money by protecting companies from frivolous lawsuits, while at the same time providing a less costly, faster, and less resource-intensive route to potential satisfaction for customers.

Opponents also have much to say. They often refer to such clauses as "get out of jail free cards" for large corporations. Moreover, many critics claim that rules of arbitration favor companies, which have skill and experience in arbitrating, as well as financial resources, that the vast majority of consumers lack. The deck seems stacked in the big companies' favor.

The purpose of class-action suits is to allow individuals with relatively small claims to band together and achieve some sort of recourse against an offending company. But courts have thrown out numerous class-action claims because of arbitration clauses, including a complaint against a travel-booking website for conspiring to fix hotel prices, another against Goldman Sachs claiming sex discrimination, and still another against Taco Bell for discriminating against African American employees. William Young, a federal judge in Boston, said of arbitration clauses, "Ominously, business has a good chance of opting out of the legal system altogether and misbehaving without reproach."[114]

There is no official tracking system for arbitration that tallies the number of cases, success rates, or amount of money awarded. But the *Times* investigation revealed that between 2010 and 2014 a total of 1,179 class-action suits were filed against companies. Eighty percent were pushed to arbitration by judges. In a single year, 2014, judges ruled against 134 of 162 class-action filings, moving them to arbitration or causing the plaintiffs to drop the cases. The story of individual consumer plaintiffs is even more telling. Between 2010 and 2014, Verizon faced only 65 consumer arbitrations, despite having 125 million subscribers. Time Warner Cable had only seven from among its 15 million customers. It thus seems that while arbitration is a contractual possibility, relatively few individual consumers utilize it, and groups of consumers have no choice but to do so.

What Should Be Done?

1. Nothing. Allow companies to include arbitration clauses in consumer agreements and contracts as they choose. Explain your reasoning.
2. Modify the clauses to better protect consumers. Explain your recommended modifications.
3. Do away with arbitration clauses. Justify.
4. Create and explain other alternatives.

11 DECISION MAKING AND CREATIVITY

How Critical Is It to Master These Skills?

Major Topics I'll Learn and Questions I Should Be Able to Answer

11.1 Rational and Nonrational Models of Decision Making
MAJOR QUESTION: *How can I integrate rational and nonrational models of decision making?*

11.2 Decision-Making Biases: Rules of Thumb or "Heuristics"
MAJOR QUESTION: *It's hard to be rational. What biases get in the way?*

11.3 Evidence-Based Decision Making
MAJOR QUESTION: *How can I more effectively use evidence-based decision making?*

11.4 Four Decision-Making Styles
MAJOR QUESTION: *How do I decide to decide?*

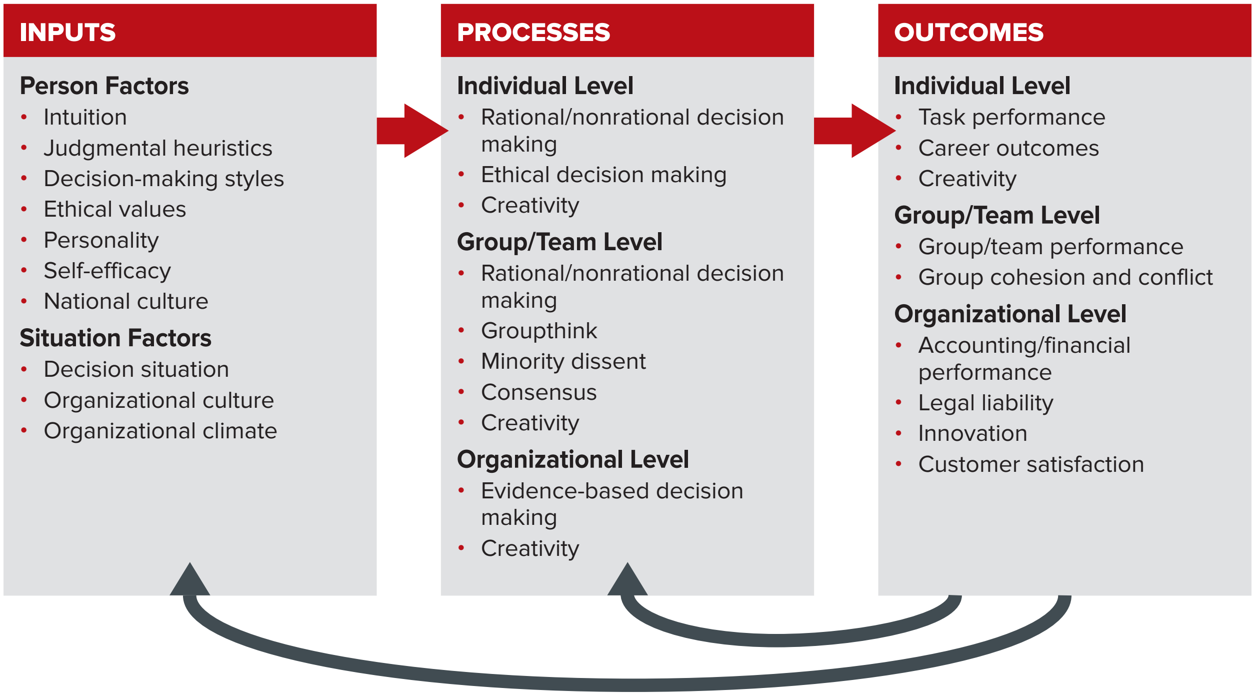
11.5 A Road Map to Ethical Decision Making
MAJOR QUESTION: *How can I assess the ethics of my decisions?*

11.6 Group Decision Making
MAJOR QUESTION: *What are the pros and cons of group decision making and the various problem-solving tools?*

11.7 Creativity
MAJOR QUESTION: *How can I increase my own creative behavior and that of my employees?*

Throughout this book we encourage you to use the Organizing Framework to solve problems, a skill recruiters say college graduates need.[1] The goal of this chapter is to further help you develop your problem-solving skills. The Organizing Framework in Figure 11.1 summarizes what you will learn in this chapter. Although the chapter focuses on decision making, which is an individual- and group/team-level process, a host of person and situation factors influence it. Figure 11.1 further shows that many other individual, group/team, and organizational level processes impact how we make decisions. We will touch on many of these in the sections to come. Finally, take note of how the various decision-making processes affect numerous individual, group/team, and organizational level outcomes.

FIGURE 11.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



Problem solving and decision making affect all aspects of our lives. Consider the success of a basketball team. Here we see a coach meeting with the team during a sideline huddle to discuss a plan for scoring a basket. The play obviously is being designed to take advantage of a weakness or opportunity associated with the opposing team. Decisions like this can make the difference between losing and winning. © Purestock/SuperStock RF

Winning at Work

Does Multitasking Improve My Effectiveness?

What do bumping into walls or windows, falling down stairs, or tripping over clutter have in common? They represent some of the many accidents that occur when we multitask by texting while walking. Did you know that texting while walking leads to more accidents than texting while driving?[2] But what happens when we multitask while studying or at work?

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Multitasking and Student Performance

Multitasking with technology is the norm for college students. A recent study revealed that 86 percent of US and 72 percent of European students multitask when using a computer. US students' GPAs were also found to be lower when they multitasked while studying.[3] In another investigation, this one of college students' beliefs about the value of media multitasking, 53.3 percent concluded that multitasking and studying was a poor strategy, 23.3 percent perceived no gains or loss from it, and 23.4 percent believed multitasking improved academic performance.[4]

Multitasking at Work

Numerous studies with employees in their actual work environments have shown that multitasking is associated with lower efficiency. It seems that multitaskers end up switching tasks hundreds of times a day.[5] In contrast, we found only one study that showed a positive relationship between multitasking and performance for call-center employees. However, this positive effect disappeared when the researchers accounted for intelligence. In other words, intelligence is more important for performance than your ability to multitask.[6]

Researchers' best estimate is that only 2.5 percent of people can effectively multitask, although many people think they can. Most of us aren't good at multitasking because our brains are wired for "selective attention" and our ability to focus is a limited resource. Psychiatrist Edward Hallowell concluded that "never in history has the human brain been asked to track so many data points. We're simply expecting more of our brains than they have the energy to handle."[7] A stronger stance was taken by physician Joseph Mercola. He concluded, "Multitasking effectively is neurologically impossible for our thinking brain."[8]

What Should I Do?

Based on research and experience, we recommend the following: (1) ruthlessly strive to stop multitasking—this requires real commitment because electronic devices are addictive; (2) establish daily times to disconnect from electronic media and give your brain a rest; (3) change your view about the value of being alone and thinking (it's not wasted time; Thomas Edison was known to fish with no bait so he could be alone to think); (4) practice mindfulness by using the techniques discussed in Chapter 7—this will help you stay in the moment and fight off the urge to multitask; (5) establish boundaries about using devices in team meetings and while studying; (6) don't use your devices within 60 minutes of going to sleep—the blue light they emit disrupts sleep patterns; and (7) don't text and drive.[9]

What's Ahead in This Chapter

We contrast rational and nonrational decision making and explain why it's important to understand both. We also show you eight decision-making biases and the benefits of evidence-based decision making. We explain why companies are leveraging big data for making decisions. Next we discuss general decision-making styles and ethical decision making. We conclude by distinguishing the pros and cons of group decision making, group problem-solving techniques, and the process of creativity. All this information will help you improve your ability to make decisions.

11.1 RATIONAL AND NONRATIONAL MODELS OF DECISION MAKING

MAJOR QUESTION

How can I integrate rational and nonrational models of decision making?

THE BIGGER PICTURE

Decision making is a key process within the Organizing Framework for Understanding and Applying OB. The process varies along a continuum of rational to nonrational. Four steps in making rational decisions are (1) identify the problem, (2) generate alternative solutions, (3) evaluate alternatives and select a solution, and (4) implement and evaluate the solution. Examples of nonrational models include (1) satisficing and (2) intuition.

Decision making matters deeply in your personal and work life. Let's consider the impact of decisions made by a few college graduates during the interview process. One job applicant took a nonemergency call on his smartphone 15 minutes into the interview. Do you think this decision made a positive impression? Another decided to bring his father into a 45-minute interview: The recruiter was shocked. Paula Welch, a Cigna HR representative, similarly noted how one recent grad asked his father to call and negotiate a higher salary after the son received a job offer. Here's another decision: A college senior brought her cat to the interview in a cage and then proceeded to play with it during the interview. The end results of these decisions were negative for all the applicants.[10]

Decision making **entails identifying and choosing from among alternate solutions that lead to a desired state of affairs.** The above examples illustrate how decisions affect your chances of getting a job after graduation, but successful decision making has much broader applications. Among organizations, for example, *Fortune* concluded, "Decision making at even the most basic level has slowed materially over the past five to 10 years."[11] Slower decision making leads to increased costs, lower efficiency, and lower customer satisfaction.[12] In sum, individuals, teams, and organizations are well served to improve their decision-making skills.

Before discussing rational and nonrational models of decision making, we set the context by discussing two ways of thinking that affect the way we make decisions.

Two Ways of Thinking

In his book *Thinking, Fast and Slow,* Daniel Kahneman, a professor who received the 2002 Nobel Prize in economics, described two kinds of thinking, which he labeled System 1 and System 2.[13]

System 1—Intuitive and Largely Unconscious Thought System 1 is our automatic, instinctive, and emotional mode of decision making. It is fast because it relies on mental shortcuts that create intuitive solutions to problems as they come up, as when we hit the brakes at the sight of another car's brake lights or pause when we detect anger in someone's voice.

System 2—Analytical and Conscious Thought System 2 is our slow, logical, deliberate mode of decision making. It helps us identify when our intuition is wrong or when our emotions are clouding our judgment. It requires more cognitive effort than System 1 and is used when contemplating a discrete task such as parallel parking or how to best climb a tree.

Both Systems Have Value There are pros and cons to both systems of thinking. For example, System 1 can lead to poor follow-through on plans because it focuses on concrete, immediate payoffs, which distract us from considering the long-term implications of decisions. System 2 can be too time consuming and is ineffective when we don't have the cognitive or emotional energy needed to drive this mode of thinking.[14]

What do you do when you see the rear brake lights like this light up? Do you think about stepping on the brake, or do you automatically hit the brakes? This automatic process is an example of System 1 thinking. Automatic thinking can save lives and improve the speed of decision making, but it also can activate biases that lead to poor decisions. © Ingram Publishing RF

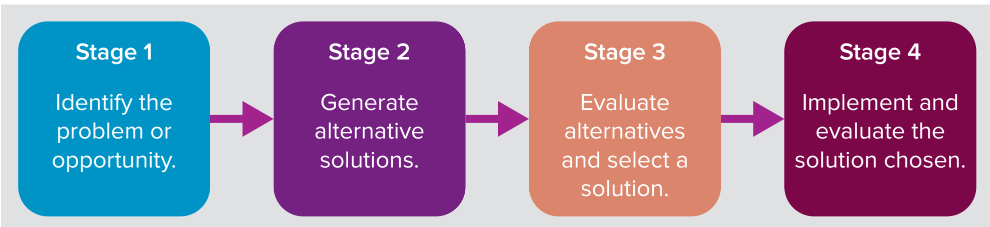
Rational Decision Making: Managers Make Logical and Optimal Decisions

The ***rational model of decision making*** **explains how managers *should* make decisions.** It assumes that managers are completely objective and possess all information for their decisions. In this model, decisions thus demonstrate excellent logic and promote the organization's best interests.

Four generic stages are associated with rational decision making (see Figure 11.2). We discuss each one next.

Stage 1: Identify the Problem or Opportunity—Determining the Actual versus the Desirable We defined a *problem* in Chapter 1 as a difference or gap between an actual and a desired situation. By now you know that problem identification is the first step in solving any type of problem. In addition to making decisions to solve problems, however, managers also have to make decisions about optimizing opportunities. An ***opportunity*** **is a situation in which results that exceed goals and expectations are possible.** For example, US medical schools must prepare to produce 5,000 more graduates a year by 2019. However, this wonderful opportunity will require some tough decisions, because the number of funded residencies for medical students has been frozen since 1997. Residencies are the three to seven years of additional on-the-job training that medical students need before they can practice medicine on their own. Without more residency positions, the Association of American Medical Colleges predicts a shortage of as many as 140,000 doctors by 2025.[15]

FIGURE 11.2 THE FOUR STAGES IN RATIONAL DECISION MAKING



Whether you face a problem or an opportunity, the goal is always the same: to make improvements that change conditions from their current state to a more desirable one. This requires you to diagnose the cause of the problem, or the nature of the opportunity.

Stage 2: Generate Alternative Solutions—Both the Obvious and the Creative For many people generating solutions is the exciting part of decision making, the step where you get to be creative, think outside the box, and share your ideas about how things should be done. *Brainstorming,* for instance, is a common technique (discussed later in the chapter) that both individuals and groups use to generate potential solutions. A research study of 400 strategic decisions revealed that managers struggled during brainstorming because of three key decision-making blunders:[16]

1. **Rushing to judgment.** Managers simply make decisions too quickly without considering all relevant information.
2. **Selecting readily available ideas or solutions.** Managers take the easy solution without rigorously considering alternatives. This can happen when emotions about the problem are running high.
3. **Making poor allocation of resources to study alternate solutions.** Managers don't invest the resources to properly study the problem and the alternate courses of action.

Decision makers thus are encouraged to slow down and use System 2 thinking (analytical and conscious) when making decisions. This should lead them to identify a broader set of alternatives and potential solutions.[17]

Stage 3: Evaluate Alternatives and Select a Solution—Ethics, Feasibility, and Effectiveness In the third stage, evaluate your alternatives on several criteria. Costs and quality are important, but you should also consider the following questions: (1) Is it ethical? (If not, don't consider it.) (2) Is it feasible? (If time is an issue, costs are high, resources are limited, new technology is needed, or customers are resistant, for instance, then the alternative is not feasible.) (3) Will it remove the causes and solve the problem?

Stage 4: Implement and Evaluate the Solution Chosen After the solution has been implemented, stakeholders need to evaluate how effectively it solves the problem. If effective, it should eliminate or significantly reduce the difference between the problem state and the desired outcome. If not, either the problem was incorrectly identified or the solution was inappropriately conceived or executed. Management can return to the first step, problem identification. If the problem was correctly identified, management should consider implementing one of the untried solutions. This process can continue until all feasible solutions have been tried or the problem has changed. System 2 thinking is needed to effectively work through this stage.

What Are the Pros and Cons of the Rational Model? The rational model is prescriptive. It outlines a logical process managers *should* use, assuming they are *optimizing* when making decisions. ***Optimizing*** **means solving problems by producing the best possible solution based on a set of highly desirable conditions**—having complete information, leaving emotions out of the decision-making process, honestly and accurately evaluating all alternatives, having abundant and accessible time and resources, and having people willing to implement and support decisions. Practical experience, of course, tells us that these conditions are all rarely met, and assumptions to the contrary are unrealistic. Social scientist Herbert Simon earned the 1978 Nobel Prize for his work on decision making. He put it this way: "The assumptions of perfect rationality are contrary to fact. It is not a question of approximation; they do not even remotely describe the processes that human beings use for making decisions in complex situations."[18]

That said, there are three benefits of trying to follow a rational process as closely as is realistically possible:

- **Quality.** The quality of decisions may be enhanced, in the sense that they follow more logically from all available knowledge and expertise.
- **Transparency.** Rationality makes the reasoning behind a decision transparent and available to scrutiny.
- **Responsibility.** The rational model discourages decision makers from acting on suspect considerations (such as personal advancement or avoidance of bureaucratic embarrassment) and therefore encourages more responsible decisions.[19]

OB in Action

Northwestern University Helps Students Deal with Bounded Rationality while Solving Problems

The engineering school at Northwestern University is addressing the need to develop students' problem-solving and critical-thinking skills. It has created a course for all new engineering students that requires them to solve challenges with no clear solutions.

Students work in teams to design and build devices to help individuals with disabilities perform simple tasks. Examples include equipping a stroke survivor to crochet with one hand or a partially paralyzed shooting victim to don tight support stockings. Or to make workout gear or bottle openers for people with only one working arm. Each team is given $100 to use in any fashion needed to complete the project.

The course, Design Thinking and Communication, helps students realize that critical thinking and problem solving require resilience and calculated risk taking. Professors want students to learn that problem solving entails a process of struggling through challenging problems.

Students note that "learning to ask others for help is a building block of resiliency." They also learn that communication among team members is a key skill for solving complex problems. As in the real world, they do not always find a solution.

But the students are not graded on whether they solve the problem. "Instead, they are graded on how well they communicate and work with patients, therapists and teammates, and how well they execute the design process, approach problems and present their results at an end-of-term design expo," according to *The Wall Street Journal.*

Students also come to appreciate the value of failure. Learning from failure is new to most students, and in this case, it means having to face people in need of a solution. Student Jocelyn Dong recalled her project, in which the team tried to help a stroke victim resume her hobby of crocheting. The woman said the team's solution was useless.

The team reframed the problem. It came up with the idea to create an "elevated wheelchair armrest that enabled her to prop her weak arm higher, extending her reach." The patient loved the concept! Not only did it help her to crochet, but it also provided the ability to reach objects from grocery shelves that had been beyond her reach.

Dong told a *Wall Street Journal* reporter, "It was one of the greatest moments I've had so far in engineering."[20]

YOUR THOUGHTS?

1. What is your reaction to the description of this engineering course?
2. What unique aspects of the course help students develop their problem-solving skills? Explain.
3. Why does problem solving require resilience?

Nonrational Models of Decision Making: Decision Making Does Not Follow an Orderly Process

Nonrational models of decision making **explain how managers actually make decisions.** These models typically build on assumptions that decision making is uncertain, that decision makers do not possess complete information, and that managers struggle to make optimal decisions. The choice to text while driving is an example of nonrational decision making.

"Statistics show your risk of having an accident or causing an accident is four to eight times greater when using a cell phone in the car. When you're texting behind the wheel, the risk skyrockets to 23 times, or 2,300 percent."[21] Psychologist Dan Ariely noted, "This behavior embodies the way we're capable of doing things that can kill us without thinking about the long-term consequences."[22] Two nonrational models that might explain this behavior are Herbert Simon's *normative* model and the *intuition* model.

Do you text and drive? Many of us do even in light of the fact that about 25 percent of all automobile accidents involve the use of a cell phone. Sadly, the American Automobile Association estimates that 11 teens die every day from texting and driving. What can you do to reduce the extent to which you text and drive? © SelectStock/Getty Images RF

Simon's Normative Model: "Satisfactory Is Good Enough" Herbert Simon proposed the normative model to describe the process that managers actually use when making decisions. This process is guided by a decision maker's bounded rationality. ***Bounded rationality*** **represents the notion that decision makers are "bounded" or restricted by a variety of constraints when making decisions.** Lack of information is a prime example of a decision-making constraint. Would you invest $500 million in the face of bounded rationality? General Motors did.

GM entered into a $500 million investment with car-hailing service Lyft Inc. GM President Dan Ammann concluded that Lyft could assist GM to prepare for a time when people will want self-driving cars. What will be the market for such cars? When will the market be viable? Will the government block this market due to safety concerns? No one really knows, but Ammann said, "There was a desire for both [GM and Lyft] to move promptly. Both saw the world changing quickly."[23]

In addition to lack of information, bounded rationality is caused by any personal characteristics and internal and external resources that reduce rational decision making. Personal characteristics include personality and the limited capacity of the human mind. Consider gender: Males tend to make riskier decisions than females.[24] Examples of internal resources are the organization's human and social capital, financial resources, technology, plant and equipment, internal processes and systems, and the time available. External resources include factors the organization cannot directly control, such as employment levels in the community, capital availability, and government policies.[25]

Ultimately, bounded rationality leads managers to obtain manageable rather than optimal amounts of information. This practice makes it difficult for managers to identify all possible alternate solutions. In the long run, the constraints of bounded rationality cause decision makers to fail to evaluate all potential alternatives, thereby causing them to *satisfice*.

Satisficing **consists of choosing a solution that meets some minimum qualifications and thus is "good enough."** Satisficing resolves problems by producing solutions that are satisfactory, as opposed to optimal. Finding a radio station to listen to in your car is a good example of satisficing. You cannot optimize because it is impossible to listen to all stations at the same time. You thus stop searching for a station when you find one playing a song you like or do not mind hearing.

The Intuition Model: "It Just Feels Right" ***Intuition*** **consists of judgments, insights, or decisions that "come to mind on their own, without explicit awareness of the evoking cues and of course without explicit evaluation of the validity of these cues."**[26] We all have the ability to use intuition.

> **EXAMPLE** Ignoring recommendations from advisers, Ray Kroc purchased the McDonald's brand from the McDonald brothers: "I'm not a gambler and I didn't have that kind of money, but my funny bone instinct kept urging me on."[27] Zachary Bodish bought a poster for a 1958 exhibition of ceramics by Pablo Picasso for $14.44 at an Ohio thrift store. He had a hunch it might be worth much more. Turns out the piece was actually signed by Picasso, and Bodish sold it for $7,000."[28]

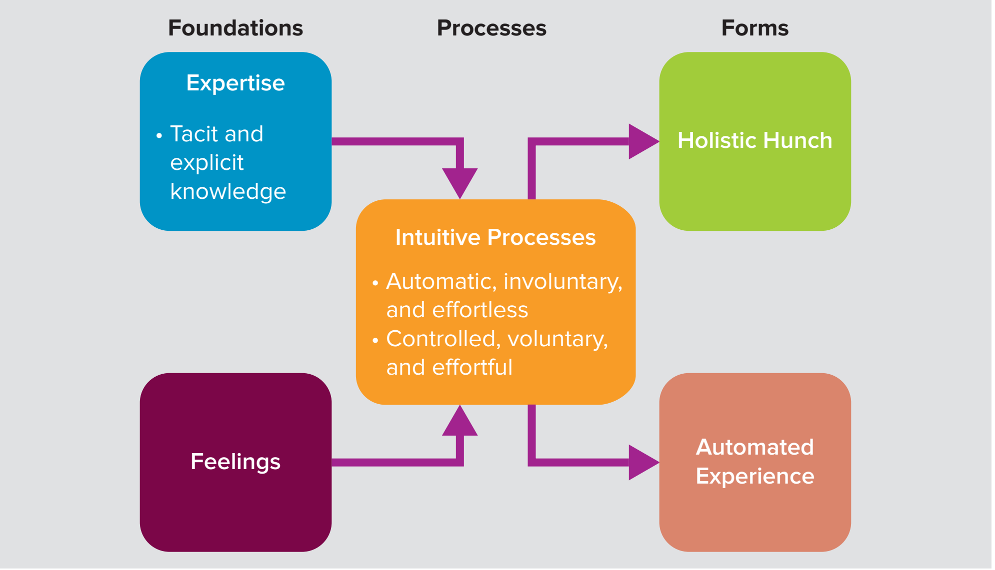
The use of intuition does not always lead to blockbuster decisions such as those by Ray Kroc and Zachary Bodish, however. To enhance your understanding of the role of intuition in decision making, this section reviews a model of intuition and discusses the pros and cons of using intuition to make decisions.

A Model of Intuition Figure 11.3 presents a model of intuition. Note that it shows two forms of intuition:

1. A ***holistic hunch*** **is a judgment based on the subconscious integration of information stored in memory.** People using holistic intuition may not be able to explain why they want to make a certain decision except that the choice "feels right." This reflects System 1 thinking (intuitive and largely unconscious).
2. ***Automated experience*** **represents a choice based on a familiar situation and a partially subconscious application of learned information related to it.** For example, when you have years of experience driving a car, you react to a variety of situations without conscious analysis. Garry Kasparov, one of the best chess players in the world for over 20 years, commented on the use of intuition when playing chess. He said, "At the end of the day your key decisions will be made under time pressure, which means you'll act on your gut feelings."[29]

In Figure 11.3, you can see that intuition is represented by the two distinct processes we just described. One is automatic, involuntary, and mostly effortless. The second is quite the opposite in that it is controlled, voluntary, and effortful. For example, when you are trying to

FIGURE 11.3 A MODEL OF INTUITION



SOURCES: Based in part on D. Kahneman and G. Klein, "Conditions for Intuitive Expertise," *American Psychologist,* September 2009, 515–526; E. Sadler-Smith and E. Shefy, "The Intuitive Executive: Understanding and Applying 'Gut Feel' in Decision Making," *Academy of Management Executive,* November 2004, 76–91; and C. C. Miller and R. D. Ireland, "Intuition in Strategic Decision Making: Friend or Foe in the Fast-Paced 21st Century," *Academy of Management Executive,* February 2005, 19–30.

answer one of the Your Thoughts? questions at the end of the OB in Action boxes, an answer may pop into your mind based on your recollection of what you've read (an automatic process). But upon further reflection (a controlled process), you may decide your initial thought was wrong and that you need to go back and reread some material to arrive at another answer. This in turn may cause novel ideas to come to mind, and the two processes continue.

These intuitive processes are influenced by two sources: expertise and feelings (see Figure 11.3). ***Expertise*** **is an individual's combined** ***explicit knowledge*** **or information that can easily be put into words,** and ***tacit knowledge*** **or information we gain through experience that is difficult to express and formalize.**

EXAMPLE Mark Zuckerberg used a combination of explicit and tacit knowledge when making the decision to implement bots on Facebook. Facebook currently hosts 25 bots. "Chatbots—or bots, for short—are stripped-down software agents that understand what you type or say and respond by answering questions or executing tasks. Apple's Siri is a bot, and so is Amazon's Alexa." Zuckerberg's tacit knowledge told him that people are suffering from app overload and that Facebook could potentially solve this problem while also generating substantial revenue. He used explicit knowledge by "following the lead of Tencent Holdings Ltd.'s WeChat, China's most popular messaging app, which already lets people use bots to shop or pay bills." Facebook can make a lot of money by using bots.[30]

- **Pros and Cons of Using Intuition.** There are two benefits of using intuition to make decisions. (1) It can speed up the decision-making process, which is valuable when you are under time constraints.[31] (2) It is useful when resources are limited. On the downside, however, intuition is subject to the same types of biases associated with rational decision making, biases we discuss in the next section. In addition, the decision maker may have difficulty convincing others that the intuitive decision makes sense, so a good idea may be ignored.
- **What Is the Bottom Line on Intuition?** We believe intuition and rationality are complementary and that managers should attempt to use both when making decisions.[32] We thus encourage you to use intuition when making decisions. You can develop your intuitive awareness by using the recommendations in the Applying OB box.

Applying OB

Tips for Improving Your Intuition

- **Trust your intuitive judgments.** Your feelings count. Trust them and rely on your "gut" when it feels right.
- **Seek feedback.** Confirm your intuitive judgments by asking trusted others for feedback.
- **Test your intuitive success rate.** Think back over the last year and assess how many times you relied on your intuition. What was your success rate? If your intuition was wrong, assess why and try to use this knowledge in the future.
- **Try visualizing solutions.** Visualizing solutions will help engage the System 1 thinking needed to activate your intuition.
- **Challenge your intuition.** Rather than automatically accepting your intuitive thoughts, challenge them. Test your intuition by thinking of counterarguments. Then challenge those counterarguments.[33]

- **Improving Your Intuitive Awareness.** Do you think being intuitive is a good thing? Would you like to become more intuitive? If yes, you will find Self-Assessment 11.1 valuable.

connect SELF-ASSESSMENT 11.1

Assessing Your Intuition

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 11.1 in Connect.

1. What is your assessed level of intuitiveness? Do you agree with this assessment?
2. What are the two highest-ranked items driving your intuition? When do you tend to use these characteristics?
3. What are the two lowest-ranked items that detract from your intuition? When do they get in the way of your making intuitive decisions?

TAKE-AWAY APPLICATION

Increasing My Use of Intuition

Use the results of Self-Assessment 11.1 and the Applying OB box to answer the following:

1. Examine the recommendations in the Applying OB box regarding tips for improving your intuition and evaluate each one as either a strength—something you do well—or a weakness—something you do poorly.
2. For those recommendations in the Applying OB box that you think might be your weaknesses, consider whether results from Self-Assessment 11.1 can help you to turn the weaknesses to strengths.
3. Develop a plan to further develop your self-assessment strengths on the basis of the recommendations in the Applying OB box.

11.2 DECISION-MAKING BIASES: RULES OF THUMB OR "HEURISTICS"

MAJOR QUESTION

It's hard to be rational. What biases get in the way?

THE BIGGER PICTURE

All of us use *heuristics* when making decisions. By better understanding the nature of these various rules of thumb, you can improve your ability to make more rational decisions. Heuristics fall into eight categories: availability bias, representativeness bias, confirmation bias, anchoring bias, overconfidence bias, hindsight bias, framing bias, and escalation of commitment bias.

Ever had a hard time explaining why you made a particular decision? That's normal. All of us use shortcuts or "rules of thumb" when making decisions. Academics call these shortcuts judgmental heuristics, pronounced "hyur-*ris*-tiks." ***Judgmental heuristics*** **are cognitive shortcuts or biases that are used to simplify the process of making decisions.**[34]

There are both pros and cons to the use of heuristics.[35] Because these shortcuts derive from knowledge gained from past experience, they can help managers make decisions. At the same time, however, they can lead to bad decisions, particularly by people facing time constraints, such as physicians. For example, patients in the United States experience about 12 million diagnostic errors a year. These errors are believed to contribute to 10 percent of patient deaths and 17 percent of adverse events in hospitals.[36] We suspect heuristics are partly to blame for this situation because physicians don't have the time to consider all a patient's symptoms when making diagnoses.[37]

Here are eight biases that commonly affect decision making:

1. Confirmation bias
2. Overconfidence bias
3. Availability bias
4. Representativeness bias
5. Anchoring bias
6. Hindsight bias
7. Framing bias
8. Escalation of commitment bias

Knowledge about these biases or heuristics can help you to avoid using them in the wrong situation or being blinded by not knowing you are in fact using them.

1. **Confirmation bias.** ***Confirmation bias*** **pertains to how we selectively gather information** and has two components. The decision maker (1) subconsciously decides something even before investigating why it is the right decision—for example, making a snap decision to purchase a particular smartphone—and (2) seeks information that supports or confirms the decision while discounting information that does not.[38] This bias leads us to collect information that supports our beliefs or views.
2. **Overconfidence bias.** ***Overconfidence bias*** **results in overestimating our skills relative to those of others,** such as our driving ability, **and overestimating the**

accuracy of our predictions. This bias grows in strength when people are asked moderate to extremely difficult questions rather than easy ones. (See the Problem-Solving Application on the BP Deepwater Horizon oil spill.) Entrepreneurs especially fall prey to this bias when deciding to start and sustain new ventures.[39] Our advice: Don't assume that overconfident and assertive people have the best recommendations.

Problem-Solving Application

Heuristics Partly to Blame for BP Oil Spill

CNN summed up the months of bad news this way: "The drill rig Deepwater Horizon exploded and sank in April 2010, killing 11 men aboard and unleashing an undersea gusher from a BP-owned well called Macondo a mile under water. It took three months to cap the well, and federal officials estimate nearly 5 million barrels of oil—more than 200 million gallons—poured into the Gulf in that time."[40]

The Deepwater Horizon oil rig on fire. © Everett Collection/Alamy

What Happened? According to Bob Bea, an engineering professor at the University of California, Berkeley, "Technological disasters, like the BP oil spill, follow a well-worn 'trail of tears.'" Bea has investigated 630 disasters and is an expert on offshore drilling.

The Associated Press interviewed Bea in the spill's aftermath. Bea thinks the BP spill falls into the category of disasters that result when an organization simply ignores warning signs through overconfidence and incompetence. He pointed to congressional testimony: BP ignored problems with a dead battery, leaky cement job, and loose hydraulic fittings.

"Disasters don't happen because of 'an evil empire,'" Bea said. "It's hubris, arrogance, and indolence."

Because cutting-edge technology often works flawlessly, Bea said, people get lulled into complacency. "Corners get cut, problems ignored. Then boom."[41]

The Confirmation Bias at Work The finance industry saw the disaster as resulting from BP's failure to "debias" its investigation. "Transocean workers conducted two pressure tests, a positive pressure test and a negative pressure test," according to the *Quarterly Journal of Finance*. "The positive pressure test involves increasing the pressure inside the well by pumping fluid, to see whether fluids leak from the well. . . . The result was favorable.

"The negative pressure test involves decreasing pressure from the well, to see whether fluids leak. . . . The test results were unusual, and Transocean workers struggled to interpret the readings. Pressure built up unexpectedly with no clear reason as to why." This situation was deemed to be "nonproblematic."

"However, other Transocean workers were not persuaded that the problems had been resolved. For example, Wyman Wheeler, who supervised the drilling crew for 12 hours per day, was not convinced that all was in order. Yet, when Wheeler's shift ended at 6 p.m. his replacement, Jason Anderson, assured both his Transocean coworkers (and his BP colleagues) that the pressure readings were normal."[42]

The Final Outcome? BP settled charges with the US Department of Justice by pleading guilty to 11 counts of manslaughter, two misdemeanors, and a felony count of lying to Congress. BP also agreed to government monitoring of its safety practices and ethics for four years.[43] As of July 2015, the oil spill had obligated BP to make payments of $53.8 billion. BP also agreed to pay an additional $20 billion in April 2016 to resolve the federal government's civil claims under the Clean Water Act and natural resources damage claims under the Oil Pollution Act. These payments include a penalty of $5.5 billion (plus interest), $8.1 billion in natural resource damages, up to an additional $700 million to address injuries to natural resources that are presently known, $600 million for other claims, and $5.9 billion to the states and local governments.[44]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this example.

Step 2: Identify the causes. How did the confirmation bias and overconfidence bias contribute to this disaster?

Step 3: Make your recommendations about what BP should do differently in the future to avoid such disasters.

3. **Availability bias.** The ***availability heuristic*** **is a decision maker's tendency to base decisions on information readily available in memory.** Because the information is recent, we overestimate its importance. The problem, of course, is that recent information is not necessarily the best or most accurate. The availability bias can be fueled by news media, which emphasize negative or unusual events like plane crashes and high-school shootings and often cause us to overestimate their frequency.[45]
4. **Representativeness bias.** We use the representativeness heuristic when we estimate the probability of an event's occurrence based on our impressions about similar occurrences. ***Representativeness bias*** **leads us to look for information that supports previously formed stereotypes.**[47] A manager, for example, may hire a graduate from a particular university because the past three people hired from this university turned out to be good performers. In this case, the "school attended" criterion is being used to facilitate complex information processing associated with employment interviews. However, this shortcut can result in a biased decision.
5. **Anchoring bias.** Is the population of Iraq greater than 40 million? What's your best guess about the population of Iraq? If your answer to the second question was influenced by the number *40 million* suggested by the first question, you were affected by the anchoring bias. ***Anchoring bias*** **occurs when decision makers are influenced by the first information they receive about a decision, even if it is irrelevant.** Initial information, impressions, data, feedback, or stereotypes anchor our subsequent judgments and decisions.
6. **Hindsight bias.** Imagine you are taking an OB course that meets Tuesdays and Thursdays, and your professor gives unannounced quizzes each week. It's the Monday before a class, and you are deciding whether to study for a potential quiz or watch *Monday Night Football*. Two of your classmates have decided to watch

Some people are afraid of flying because they overestimate the chances of being in a plane crash. Plane crashes are actually low-probability events. Between 2006 and 2015 there were 192.8 million commercial jet departures. How many accidents involving fatalities do you think happened during this time period? There were 65.[46] © AF archive/Alamy the game rather than study because they don't think there will be a quiz the next day. The next morning you walk into class and the professor says, "Take out a sheet of paper for the quiz." You turn to your friends and say, "I knew we were going to have a quiz; why did I listen to you?" ***Hindsight bias*** **occurs when knowledge of an outcome influences our belief about the probability that we could have predicted the outcome earlier.** The danger of this bias is that, in retrospect, we get overconfident about our foresight, which leads to bad decisions.[48] For example, investors prone to this bias will confidently think they are predicting good investment opportunities on the basis of such experiences, only to find out that they invested in dogs.[49]

Denver Broncos quarterback Peyton Manning (18) calling the play at the line against the Carolina Panthers in Super Bowl 50 at Levi's Stadium in Santa Clara, California, on February 7, 2016. Many of us fall prey to the hindsight bias when we evaluate the success or failure of plays called by quarterbacks.

7. **Framing bias.** ***Framing bias*** **relates to the manner in which a question is posed or framed. It leads us to change the way we interpret alternatives.** For example, customers have been found to prefer meat that is framed as "85 percent lean" instead of "15 percent fat," although, of course, the two mean the same thing. In general, people view choices more favorably when they are framed in terms of gains rather than loses.[50] You would be more likely to invest in a product that had a 60 percent chance of success rather than a 40 percent chance of failure. Try framing your decision questions in alternate ways to avoid this bias.
6. **Escalation of commitment bias.** ***Escalation of commitment bias*** **is the tendency to hold to an ineffective course of action even when it is unlikely the bad situation can be reversed.** Would you invest more money in an old or broken car? The Drug Enforcement Administration and the Pentagon continued to spend on a spy plane for use in Afghanistan that was supposed to be completed in 2012 at a cost of $22 million, even though the project had missed every projected delivery date. In March 2016, it had not yet left the ground, and total payouts had reached $86 million.[51]

Researchers recommend the following actions to reduce the escalation of commitment:

- Set minimum targets for performance, and have decision makers compare their performance against these targets.
- Regularly rotate managers in key positions throughout a project.
- Encourage decision makers to become less ego-involved with a project.
- Make decision makers aware of the costs of persistence.[52]

TAKE-AWAY APPLICATION

Reducing My Use of Decision-Making Biases

Using the list of decision-making biases, consider the following:

1. Think of a poor decision you made in the past 6 to 12 months.
2. Which of the eight decision-making biases may have influenced your decision?
3. Based on your answer and your knowledge of judgmental heuristics, what could you have done differently to avoid the poor decision?

11.3 EVIDENCE-BASED DECISION MAKING

MAJOR QUESTION

How can I more effectively use evidence-based decision making?

THE BIGGER PICTURE

You can improve the quality of your decisions by looking for the best evidence and the best available data to make, inform, or support them. This section of the chapter will help you understand the role of evidence in decision making and the move toward "big data."

Evidence-based decision making **is the process of conscientiously using the best available data and evidence when making managerial decisions.** It holds the promise of helping avoid the decision-making biases discussed above and improving performance while reducing costs. Proponents also believe evidence-based decision making can help in the use of "big data" to market and sell products and services.

Consider the applications to wine making and professional sports.

EXAMPLE Hahn Estate Winery, in California's Santa Lucia Highlands, is using drones to collect data associated with managing its crops. Wineries care about the quantity and quality of their grapes. "By running software algorithms made for monitoring crops, a drone can help the winery determine both," according to Andrew Zaleski, a *Fortune* reporter. The drone takes photos and is fitted with different types of sensors. Zaleski notes that this information helps Hahn "monitor the health of its vineyard and resist the effects of California's fourth consecutive year of drought. . . . All of that data goes into the platform, which runs it against our analytics engine, which looks for patterns and anomalies to make recommendations." Hahn wants to apply this process to all of its acres.[53]

This Phantom drone has a Go-Pro camera used to monitor vineyards. It enables growers to obtain a faster and more accurate image of what is happening with their crops. In turn, the drone's data can be imputed into data analytical programs and used to make more effective decisions.
© George Rose/Getty Images

The Golden State Warriors use of evidence-based decision making has helped the team reach the NBA finals in 2015 and 2016. No doubt this application leads to more fast breaks like this one involving Stephen Curry with the ball against the New Orleans Hornets.

EXAMPLE The NBA has installed player-tracking systems in all its 29 arenas. During practice, for example, players wear a silver dollar–sized chip to monitor their physiological indicators, movements, and posture. Coaches study the data to customize a training regimen for each player so they can improve conditioning and range of motion. According to a sports blogger, Steve Kerr, coach of the 2015 NBA champion Golden State Warriors, uses real-time data in practices "to ensure he was benching fatigued players before they were at risk for injury . . . the Warriors used trends in the data to make real change, such as changing flight times after games so the team could get optimal rest and reduce stress." The team lost fewer minutes of playing time to injuries than any other team in the NBA.[54]

Using Evidence to Make Decisions

Managers use evidence or data in three different ways: to make a decision, to inform a decision, and to support a decision. Here is what a team of researchers had to say about how we use data to make decisions.

"Evidence is used to *make* a decision whenever the decision follows directly from the evidence." For example, if you wanted to purchase a particular used car such as a Toyota Prius based on price and color, you would obtain data from the Internet and classified ads and then choose the seller offering the lowest-priced red Prius. "Evidence is used to *inform* a decision whenever the decision process combines hard, objective facts with qualitative inputs, such as intuition or bargaining with stakeholders." For instance, when firms are hiring new college graduates, objective data about their past experience, education, and participation in student organizations is relevant input to the hiring decision.

Nonetheless, subjective impressions garnered from interviews and references are typically combined with these objective data to make a final decision. These two uses of evidence are clearly positive and should be encouraged. The same cannot be said about using evidence to support a decision.

"Evidence is used to *support* a decision whenever the evidence is gathered or modified for the sole purpose of lending legitimacy to a decision that has already been made."[55] This application of evidence has both positive and negative effects. On the positive side, evidence collected after the fact can be used to convince an external audience that the organization is following a sound course of action in a complex and ambiguous decision context. This can lead to confidence and goodwill about how a company is responding to environmental events. On the negative side, the practice can stifle employee involvement and input because people will come to believe that management is going to ignore evidence and just do what it wants. In summary, because this practice has both pros and cons, management needs to carefully consider when (if ever) it might be appropriate to ignore disconfirming evidence and push its own agenda or decisions.

Big Data: The Next Frontier in Evidence-Based Decision Making

A recent study says the size of the digital universe will reach 40 zettabytes (ZB) by 2020, a 50 percent increase in information from 2010. To put this in perspective, there are 700,500,000,000,000,000,000 grains of sand on the beaches around the world. Forty ZB is equal to 57 times the number of grains of sand.[56] The term ***big data*** **reflects the vast quantity of data available for decision making.** It also encompasses "the collection, sorting, and analysis of that information, and the techniques to do so."[57] The analysis of big data is expected to revolutionize all aspects of our lives, and companies are scrambling to hire qualified employees for the job.

According to the US Bureau of Labor Statistics, the demand for people with data analytic skills will increase by 22 percent between 2013 and 2020.[58] Guess who is responding to this need? Universities. More universities are offering majors in data analytics. For example, the number of undergraduate students majoring in statistics increased 95 percent between 2010 and 2013. At the graduate level, the number of universities offering master's degrees in data analytics increased from 5 in 2010 to over 80 in 2015.[59] These degrees will train people to use quantitative and statistical tools to analyze and interpret big data. Do you think you are suited for this career?

Managers and companies that effectively utilize big data, such as Kroger (see the Problem-Solving Application box), are expected to gain competitive advantage. Big data creates value in the following ways:

- It can make information more transparent and usable.
- It allows organizations, like Kroger, to measure and collect all types of performance information, enabling them to implement initiatives to enhance productivity.
- It allows more narrow segmentation of customers.
- It can be used to develop new products.[60]

One problem with big data is that private or sensitive information is more easily obtained, which means it can be leaked to others. This is precisely what National Security Agency (NSA) contractor Edward Snowden did in 2013. He leaked information about what the NSA was doing with big data.[61]

Problem-Solving Application

Kroger Uses Big Data to Improve Customer Service and Profits

Behind the scenes at this Kroger supermarket, computers, using infrared cameras, count shoppers in line to alert managers when to open new lanes and even to predict future traffic.

Kroger began its use of big data in 2012. The system is called QueVision, and it received the top retail innovation award from *InformationWeek's* Elite 100. Kroger installed QueVision because it wanted to reduce customers' wait time to check out.

How Does the System Work? "QueVision uses infrared sensors to count customers entering the store and at checkout lanes. Combining those counts with factors such as store layout, staffing levels for cashiers and baggers, and historical transaction logs, store managers use a simulator to access the number of registers that need to be open in real time. Estimates are also made on how many should be open in 15 and 30 minutes." The system has been installed in more than 2,400 stores.[62]

The data also uncovered additional trends that led to increased sales. "The system showed that there were more customers than Kroger realized buying a small number of items in the morning and during lunchtime, and that the express lanes were backing up. So Kroger added 2,000 new express lanes to its stores nationwide, which it credits with growing the number of those small orders over the last two years."[63]

The system has helped Kroger reduce wait time from an average of four minutes to about 26 seconds. As you might expect, customer satisfaction has improved since QueVision was installed. But there was another side benefit. *InformationWeek* reported that the "companywide cashier-friendliness metric, measured in customer surveys, has improved 24 percent since 2011."[64]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem Kroger was trying to solve by installing QueVision.

Step 2: Identify the causes of different spending patterns and customer service responses.

Step 3: Make an evaluation of Kroger's use of QueVision. Briefly summarize ethical and privacy issues around the company's customer service effort.

11.4 FOUR DECISION-MAKING STYLES

MAJOR QUESTION

How do I decide to decide?

THE BIGGER PICTURE

Your decision-making style reflects the manner in which you use information to make decisions. It's an input in the Organizing Framework. Knowing the four general styles of decision making will help you understand how your managers and coworkers are making their decisions; and it will help you know yourself that much better too. The four decision-making styles are directive, analytical, conceptual, and behavioral.

We make countless decisions on a daily basis—what to wear, what to eat, what route to take driving to school, whether to confront a negative colleague. These decisions are guided by our decision-making style. A ***decision-making style*** **is the way an individual perceives and comprehends stimuli and the general manner in which he or she chooses to respond to such information.**[65] A team of researchers developed a model of decision-making styles based on the idea that styles vary along two dimensions: value orientation and tolerance for ambiguity.[66]

Value Orientation and Tolerance for Ambiguity

Value orientation is the extent to which an individual focuses on either task and technical concerns or people and social concerns when making decisions. Some people, for instance, are very task-focused at work and do not pay much attention to people issues, whereas others are just the opposite.

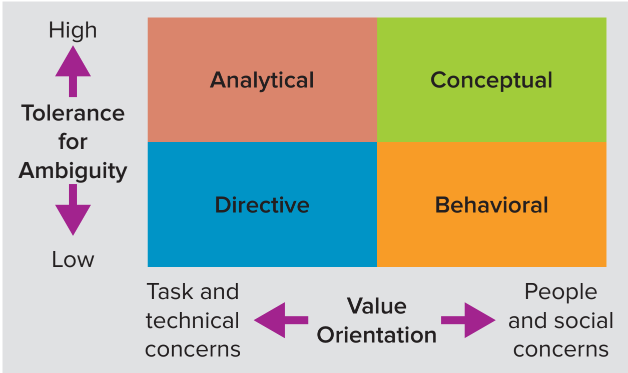
The second dimension pertains to a person's *tolerance for ambiguity.* This characteristic indicates the extent to which a person needs structure or control in his or her life. Some people desire a lot of structure. They have a low tolerance for ambiguity and find ambiguous situations stressful and psychologically uncomfortable. Others do not have a high need for structure and can thrive in uncertain situations; their tolerance for ambiguity is high. Imagine the ambiguity faced by Andrés Sepúlveda as he worked to rig political campaigns across Latin America. He and his team of hackers "stole campaign strategies, manipulated social media to create false waves of enthusiasm and derision, and installed spyware in oppositions offices, all to help Peña Nieto get elected president of Mexico," according to *Bloomberg Businessweek*.[67] Ambiguous situations can energize people like Sepúlveda with a high tolerance for ambiguity.

When we combine the dimensions of value orientation and tolerance for ambiguity, they form four styles of decision making: directive, analytical, conceptual, and behavioral (see Figure 11.4). Let's look at each of these.

The Directive Style: Action-Oriented Decision Makers Who Focus on Facts

People with a *directive* style have a low tolerance for ambiguity and are oriented toward task and technical concerns when making decisions. They are efficient, logical, practical,

FIGURE 11.4 DECISION-MAKING STYLES



SOURCE: Based on discussion in A. J. Rowe and R. O. Mason, *Managing with Style: A Guide to Understanding, Assessing, and Improving Decision Making* (San Francisco: Jossey-Bass, 1987), 1–17.

and systematic in their approach to solving problems. Directive decision makers are action oriented and decisive and like to focus on facts. In their pursuit of speed and results, however, they tend to be autocratic, exercise power and control, and focus on the short run.

A directive style seems well suited for an air-traffic controller. Here is what Paul Rinaldi, president of the National Air Traffic Controllers Association, had to say about his decision-making style, as told to a reporter from *Fortune*:

> It's not so much analytical as it is making a decision quickly and sticking with it. . . . You can't back out. You've constantly got to be taking into account the speed of the airplane, its characteristics, the climb rate, and how fast it's going to react to your instructions. You're taking all that in and processing it in a split second, hoping that it'll all work together. . . . We can't make mistakes.[68]

The Analytical Style: Careful and Slow Decision Makers Who Like Lots of Information

People with the analytical style have a much higher tolerance for ambiguity and tend to overanalyze a situation. They like to consider more information and alternatives than do those with a directive style. Analytical individuals are careful decision makers who take longer to make decisions but who also respond well to new or uncertain situations. They can often be autocratic.

Federal Reserve Chairperson Janet Yellen appears to have an analytical style. She and her colleagues must analyze domestic and worldwide economic trends to determine the best course of action for growing the US economy. Her decisions about whether to raise benchmark interest rates are based on complicated and sometimes ambiguous information, and she carefully considers all sides of the issue before making a decision.[69]

Janet Yellen is an economist and has served as the Chair of the Board of Governors of the Federal Reserve System since October 2013. She is an accomplished academic who taught at Harvard, The London School of Economics and Political Science, and the University of California, Berkeley.

© Yin Bogu/Xinhua/Alamy

The Conceptual Style: Intuitive Decision Makers Who Involve Others in Long-Term Thinking

People with a conceptual style have a high tolerance for ambiguity and tend to focus on the people or social aspects of a work situation. They take a broad perspective on problem solving and like to consider many options and future possibilities. Conceptual types adopt a long-term view and rely on intuition and discussions with others to acquire information. They also are willing to take risks and are good at finding creative solutions to problems. On the downside, however, a conceptual style can foster an idealistic and indecisive approach to decision making.

The Behavioral Style: Highly People-Oriented Decision Makers

The behavioral style is the most people-oriented of the four. People with this style work well with others and enjoy social interactions in which opinions are openly exchanged. Behavioral decision makers are supportive, are receptive to suggestions, show warmth, and prefer verbal to written information. Although they like to hold meetings, they prefer to avoid conflict and can be too concerned about others. This can lead behavioral types to adopt a conflict-avoidance approach to decision making and to have a hard time saying no.

Which Style Are You?

Research reveals that very few people have only one dominant decision-making style. Rather, most managers have characteristics that fall into two or three styles. Studies also show that decision-making styles vary by age, occupation, personality type, gender, and country.[70] It's important to understand your decision-making style because it affects the quality of your decisions and team performance.[71] Self-assessment 11.2 will enhance your understanding about your decision-making style.

connect SELF-ASSESSMENT 11.2

What Is My Decision-Making Style?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 11.2 in Connect.

1. Do you agree with your results? Explain.
2. Which of these styles is most important in your role as a student and in your current job?
3. Based on your answer to question 2, what might you do to modify your decision-making style?

11.5 A ROAD MAP TO ETHICAL DECISION MAKING

MAJOR QUESTION

How can I assess the ethics of my decisions?

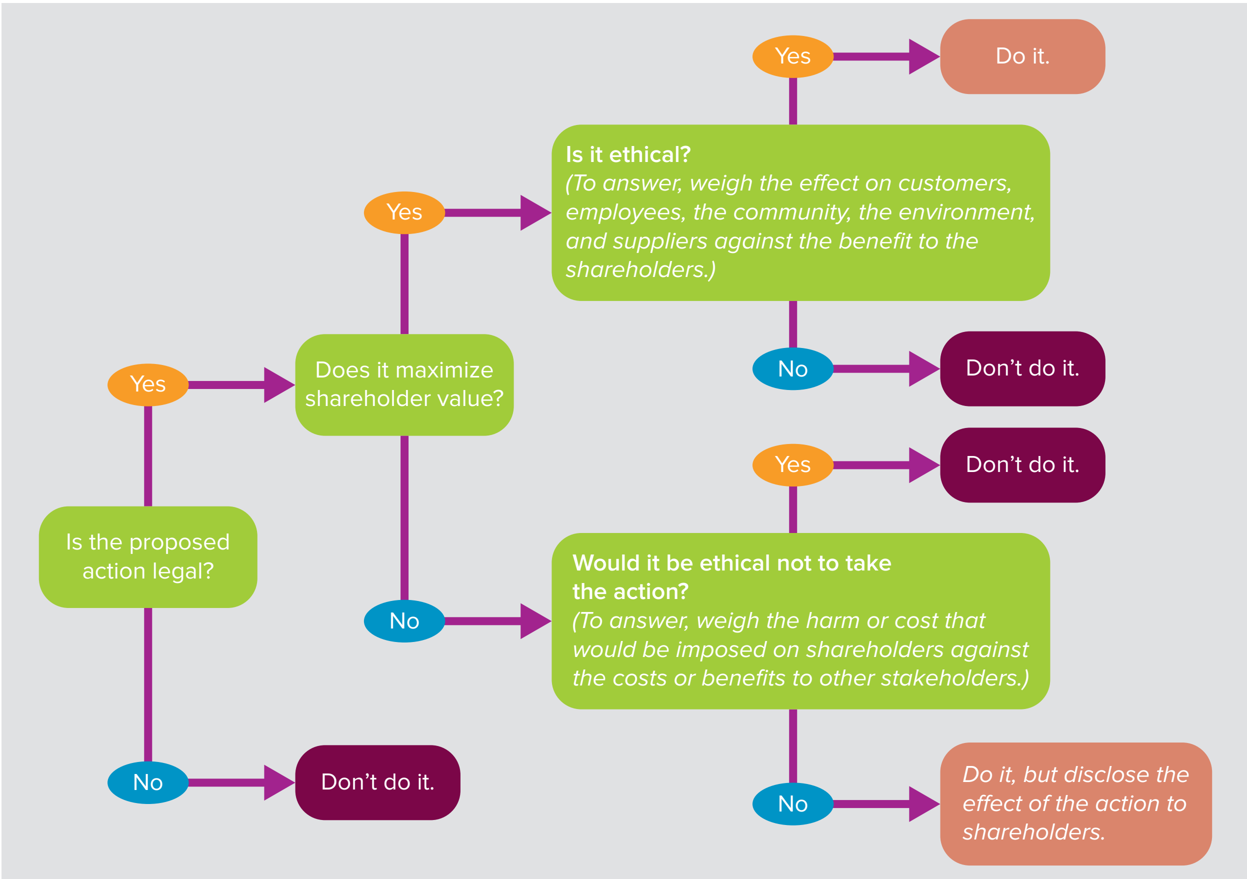
THE BIGGER PICTURE

Sometimes you may find yourself confused about the ethics of a situation. One way to gain some certainty is to graph the situation with a decision tree, which provides a framework for ethical decision making.

Although research tells us that ethical behavior is related to inputs such as personality, values, locus of control, and a culture and climate for ethics,[72] there are few tools for helping individuals to navigate through ethical dilemmas or challenges. An approach suggested by Harvard Business School Professor Constance Bagley can help fill the gap. Bagley recommends a *decision tree* to help managers make ethical decisions.[73]

A ***decision tree*** **is a graphical representation of the process underlying decisions,** and it shows the consequences of making various choices. You can follow Bagley's decision tree, shown in Figure 11.5, by asking the following questions about your decision:

FIGURE 11.5 AN ETHICAL DECISION TREE



SOURCE: C. E. Bagley, "The Ethical Leader's Decision Tree," *Harvard Business Review*, February 2003.

1. **Is the proposed action legal?** This may seem like a common-sense question, but some managers and companies fail to ask it. Synthes, a medical device maker, decided to market Norian XR, a cement that can turn into bone when injected into humans, for spine surgeries, despite being told not to by the Food and Drug Administration. At least five people died on the operating table after being injected with Norian.[74]

The 2013 building collapse in Rana Plaza in Bangladesh is the largest garment factory accident in history and killed 1,129 people. Although it may have been legal to ask workers to enter a building with structural damages, one could certainly question the ethics of this decision. © Zuma Press, Inc./Alamy

2. **If "yes," does the proposed action maximize shareholder value?** A decision maximizes shareholder value when it increases profits for an organization, because these profits are eventually distributed to shareholders. Regardless of shareholder value, however, the decision tree shows that managers still need to consider the ethical implications of each decision or action.
3. **If the decision maximizes shareholder value, the decision maker than considers whether or not the action is ethical.** Managers should answer this question by weighing the effect of the action on an organization's other key constituents (customers, employees, the community, the environment, suppliers) against the benefit to the shareholders. For example, Bangladesh factory owners bullied employees to work in a building despite warnings from engineers that an exterior crack made it unsafe. They did this out of fear of losing business, which would have had a negative impact on shareholder value. In 2013 the building collapsed, killing 1,129 people. The decision to force workers to enter may have benefited shareholders, but it was a tragically poor choice for employees and for the country.[75] Obviously, then, it was also unethical.
4. **If the decision does not maximize shareholder value, then the decision maker should consider whether it would be ethical not to take the proposed action.** If an action would not directly benefit shareholders, consider whether it would be ethical *not* to take it. The decision to continue operating factories in the damaged building in Bangladesh was harmful to other stakeholders—employees and the country. The ethical decision might have been to ask employees to enter the building only after the structural problems had been fixed, and to ask customers for some leeway in filling orders.

The decision tree cannot provide a quick formula that managers and organizations can use to evaluate every ethical question. Ethical decision making is not always clear-cut and is affected by cross-cultural differences and organizational culture and climate. Organizations are encouraged to conduct ethics training and to increase awareness about cross-cultural issues when the work engages people with mixed cultural backgrounds.[76] That said, the decision tree does provide a framework for considering the trade-offs between managerial and corporate actions and managerial and corporate ethics. Try using this decision tree the next time you are faced with a significant ethical question or problem.

11.6 GROUP DECISION MAKING

MAJOR QUESTION

What are the pros and cons of group decision making and the various problem-solving tools?

THE BIGGER PICTURE

You've probably seen both good and poor results from a group decision. OB confirms that group decisions can lead to mixed results. It identifies five potential advantages and four disadvantages. Knowing them arms you with information to help you maximize the advantages and minimize the disadvantages. In this section you will find contingency recommendations for working with groups in decision making and three helpful group problem-solving techniques: brainstorming, the nominal group technique, and computer-aided decision making.

Aristotle was an early proponent of group decision making. He concluded that "when there are many who contribute to the process of deliberation, each can bring his share of goodness and more prudence . . . some appreciate one part, some another, and all together appreciate all."[77] Aristotle is suggesting that group decision making is more effective when individuals in the group share and aggregate their information. As you well know, this does not always happen when groups make decisions. This section will help you learn about decision making in groups so you can achieve Aristotle's proposed benefits.

Aristotle (384-322 BC) was a Greek philosopher and scientist. His writings span many subjects and he highly believed in the value of using logic and empirical data when making decisions.
© QEDimages/Alamy RF

Advantages and Disadvantages of Group Decision Making

We often have to decide whether to make a decision alone or to consult with others. The following list of advantages and disadvantages can help you decide what to do.

Advantages These five advantages are most likely to be found when the group has experience with the issue at hand, and when it is diverse in terms of characteristics such as personalities, gender, attitudes, and experience.[78]

- **Greater pool of knowledge.** A group possesses more information and knowledge than one individual acting alone.
- **Different approaches to a problem.** Individuals with different backgrounds and experiences bring varied perspectives to diagnosing and solving problems.
- **Greater commitment to a decision.** Participation and a voice in decision making are more likely to result in commitment to a decision. This in turn leads group members to accept and feel responsible for implementing a proposed solution.
- **Better understanding of decision rationale.** Participating in a decision increases group members' understanding about why the decision is being made and what must occur to implement it. This in turn reduces miscommunication among people.
- **More visible role modeling.** Less experienced group members learn about group dynamics and how to solve problems.[79]

Disadvantages The disadvantages of group-aided decision making relate to group dynamics and interpersonal interactions.[80]

- **Social pressure.** The desire to look good in front of others, particularly the boss, leads to conformity and stifles creativity.
- **A few dominant participants.** The quality of a group's decision can be influenced by a few vocal people who dominate the discussion. This is particularly problematic when the vocal person is perceived as a powerful individual.
- **Goal displacement.** When the group is evaluating alternatives, secondary considerations such as winning an argument, getting back at a rival, or trying to impress the boss can override the primary goal of solving a problem. ***Goal displacement*** **occurs when the primary goal is overridden by a secondary goal.**[81]
- **Groupthink.** ***Groupthink*** **is "a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when members' strivings for unanimity override their motivation to realistically appraise alternative courses of action."**[82] Groupthink is thoroughly discussed in the next section.

The Challenger disaster occurred in January 1986. The photo shows the aftermath of the rocket booster breaking apart 73 seconds into the flight. All seven crew members died, and experts concluded that groupthink was partly to blame for the explosion. © NASA-JSC

Groupthink

The term *groupthink,* defined above, originated from an analysis of the decision-making processes underlying the war in Vietnam and other US foreign policy fiascoes. Groupthink happens when members fail to exercise sufficient reality testing and moral judgment due to pressures from the group. If they passively ignore the danger, modern managers can all too easily become victims of groupthink (such as happened before the space shuttle *Challenger* disaster and the Iraq war after 9/11).

As you might imagine, groupthink negatively affects group performance and is often driven by high levels of cohesiveness.[83] ***Cohesiveness*** **or a sense of "we-ness" tends to override individual differences and motives.** Members of groups tend to be cohesive for two fundamental reasons: (1) they like and enjoy each other's company and (2) they need each other to achieve a common goal. You can see how cohesiveness is a double-edged sword in its effects on group-level outcomes in the Organizing Framework. It can help you and your team reduce conflict, but it can also reduce performance if it limits questioning and critical thinking and results in groupthink.[84] How do you avoid groupthink? First, know the symptoms.

Symptoms of Groupthink There are eight common symptoms of groupthink. The more that are present in a situation, the higher the probability that groupthink will occur.

1. *Invulnerability.* An illusion that the group cannot make a mistake breeds excessive optimism and risk taking.
2. *Inherent morality.* Assuming the group is highly moral encourages members to ignore ethical implications.
3. *Rationalization.* Members protect their personal or "pet" ideas and assumptions.
4. *Stereotyped views of opposition.* The group may underestimate opponents.
5. *Self-censorship.* Keeping ideas and questions to yourself stifles critical debate.
6. *Illusion of unanimity.* Members' silence can be interpreted to mean consent.
7. *Peer pressure.* Be careful when the loyalty of dissenters is questioned.
8. *Mindguards.* Self-appointed protectors can shut out adverse information.[85]

Prevention Is Better than Treatment Prevention is better than treatment or cure when dealing with groupthink. Table 11.1 provides excellent recommendations for removing barriers to minority dissent. ***Minority dissent*** **occurs when group members feel comfortable disagreeing with other group members.** Research reveals that minority dissent is positively related to participation in decision making and job satisfaction.[86]

Are you working on any project teams at school or work? If yes, you may be interested in assessing the level of minority dissent and participation in decision making. Results from Self-Assessment 11.3 can help you to improve your effectiveness within these teams.

TABLE 11.1 TECHNIQUES FOR PREVENTING GROUPTHINK

1. Each member of the group should be assigned the role of critical evaluator. This role requires the active voicing of objections and doubts.
2. Top-level executives should not use policy committees to rubber-stamp decisions that have already been made.
3. Different groups with different leaders should explore the same policy questions.
4. Managers should encourage subgroup debates and bring in outside experts to introduce fresh perspectives.
5. Someone should be given the role of devil's advocate when discussing major alternatives. This person tries to uncover every conceivable negative factor.
6. Once a consensus has been reached, everyone should be encouraged to rethink his/her position to check for flaws.

SOURCE: Adapted from discussion in I. L. Janis, *Groupthink,* 2nd ed. (Boston: Houghton Mifflin, 1982).

Connect SELF-ASSESSMENT 11.3

Assessing Participation in Group Decision Making

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 11.3 in Connect.

1. What is your level of minority dissent and participation in decision making?
2. Are you happy with these results?
3. How might you increase the level of minority dissent and participation in this group? Consider the ideas in Table 11.1.

Practical Contingency Recommendations for Group Decision Making

There are three practical considerations in decision making.

1. **Routine and frequency:** If the decision occurs frequently and is of a routine nature, such as deciding on promotions or who qualifies for a loan, use groups because they tend to produce more consistent decisions than do individuals.
2. **Time constraints:** Given time constraints, let the most competent individual, rather than a group, make the decision.
3. **Information and communication:** In the face of environmental threats such as time pressure and potential serious effects of a decision, groups use less information and fewer communication channels. This increases the probability of a bad decision.

Reaching Consensus: The Goal of Group Problem-Solving Techniques

Groups asked to make decisions must generally reach a consensus. According to a decision-making expert, a ***consensus*** **"is reached when all members can say they either agree with the decision or have had their 'day in court' and were unable to convince the others of their viewpoint. In the final analysis, everyone agrees to support the outcome."**[87] This definition indicates that consensus does not require unanimous agreement, because group members may still disagree with the final decision but are willing to work toward its success. They must honestly and accurately communicate with each other when trying to reach a consensus.

Practical Problem-Solving Techniques

Decision-making experts have developed a host of problem-solving techniques to aid in problem solving. Three we discuss here are (1) brainstorming, (2) the Delphi technique, and (3) decision support systems.

Brainstorming: A Tool for Generating Ideas ***Brainstorming*** **helps groups generate multiple ideas and alternatives for solving problems.** Developed by advertising executive A. F. Osborn, brainstorming can apply in a variety of contexts.[88] They include solving problems, developing creative ideas for new products, removing performance roadblocks, and developing action plans to achieve goals. Brainstorming sessions begin by asking participants to silently generate ideas or solutions, which then are collected either in public or anonymously and summarized in some fashion (such as on a white-board or a flip chart).

> **TIP** It's good to collect the ideas/solutions anonymously if the issue is emotional, political, or highly salient/sensitive to some group members.[89]

At a second session group members critique and evaluate the alternatives. Today, many brainstorming sessions are conducted electronically. ***Electronic brainstorming,* sometimes called *brainwriting,* allows participants to submit their ideas and alternatives over a computer network.** Webinars work well for this purpose.[90]

Managers are advised to follow the seven rules for brainstorming used by IDEO, a product design company (see Table 11.2).

Brainstorming is an effective technique for generating new ideas/alternatives, and research reveals that people can be trained to improve their brainstorming skills.[91]

The Delphi Technique The Delphi technique was originally developed by the RAND Corp. for technological forecasting.[92] It now serves as a multipurpose planning tool. **The *Delphi technique* is a group process that generates anonymous ideas or judgments from physically dispersed experts in multiple rounds of brainstorming.**

This technique is useful when face-to-face discussions are impractical, when disagreements and conflict are likely to impair communication, when certain individuals might severely dominate group discussion, and when groupthink is a probable outcome of the group process.[93]

TABLE 11.2 SEVEN RULES FOR BRAINSTORMING

Rule	Details
1. Defer judgment.	Don't criticize during the initial stage of generating ideas. Avoid phrases such as "We've never done it that way," "It won't work," "It's too expensive," and "Our manager will never agree."
2. Build on the ideas of others.	Encourage participants to extend others' ideas by avoiding "buts" and using "ands."
3. Encourage wild ideas.	Encourage out-of-the-box thinking. The wilder and more outrageous the ideas, the better.
4. Go for quantity over quality.	Guide participants to generate and write down as many new ideas as possible. Focusing on quantity encourages people to think beyond their favorite ideas.
5. Be visual.	Use different colored pens (e.g., red, purple, blue) to write on big sheets of flip chart paper, whiteboards, or poster board that is put on the wall.
6. Stay focused on the topic.	Appoint a facilitator to keep the discussion on target.
7. Keep to one conversation at a time.	Set ground rules that no one interrupts another person, dismisses someone's ideas, shows disrespect, or otherwise behaves rudely.

SOURCE: These suggestions were derived from S. Shellenbarger, "Even People Who Lack Ideas Can Set the Scene for Inspiration; Just Walk Away," *The Wall Street Journal,* April 3, 2013, D1–2; "How to Come Up with a Great Idea," *The Wall Street Journal,* April 29, 2013, R1–2; and J. Lehrer, "How to Be Creative," *The Wall Street Journal,* March 10–11, 2012, C1–2.

Decision Support Systems The increased globalization of organizations, the existence of big data, and the advancement of information technology have led to the development of decision support systems. ***Decision support systems (DSS)*** **are "computer-based interactive systems that help decision makers to use data and models to solve unstructured problems."**[94] For example, Best Buy, Google, GE, Intel, and Microsoft all use internal intranets to obtain input for their DSS from employees. Both Best Buy and Google found DSS systems helpful in estimating the demand for new products and services.[95] They also improve information processing and decision making within virtual teams.[96]

Problem-Solving Application

Rosemont Center Addresses Employee-Related Issues

Rosemont Center, a social services agency in Columbus, Ohio, provides help to youth and low-income families. The center is funded by federal, state, and local agencies, along with insurers and private donors.

The center's rate of employee turnover recently grew from 41 percent to 72 percent over three years. This compares to national turnover rates between 50 and 60 percent for community health facilities. Rosemont also found that employee motivation and engagement declined during the period, as did the quality of service provided.

Sonya Latta, the HR director for the center, was charged with examining turnover, so she put together a team to examine its causes. The team looked at earlier job satisfaction surveys and exit interviews and identified the following themes: People quit because of "demanding work, work/life balance issues relating to night and weekend work, low salaries, on-call responsibilities without additional compensation for certain programs," poor career development opportunities, and lack of support for managers.

Latta did not know how to eliminate these potential causes of turnover. She decided to ask the task force to interview managers from other social service agencies in Ohio to discover how they were handling similar organizational issues.[97]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case.

Step 2: Identify the causes. What concepts or theories of OB help to explain the reasons people are quitting?

Step 3: Make your recommendations to resolve the problem.

11.7 CREATIVITY

MAJOR QUESTION

How can I increase my own creative behavior and that of my employees?

THE BIGGER PICTURE

Can you become more creative if you need to? As a manager, can you improve the creativity of your group? The answer to both questions is yes. When you consider creativity from an OB perspective, you will see it as both a process and an outcome (see the Organizing Framework in Figure 11.1). The process aspect of creativity includes four key behaviors: problem formulation/definition, preparation/information gathering, idea generation, and idea evaluation/validation. You can increase creativity by following some practical recommendations.

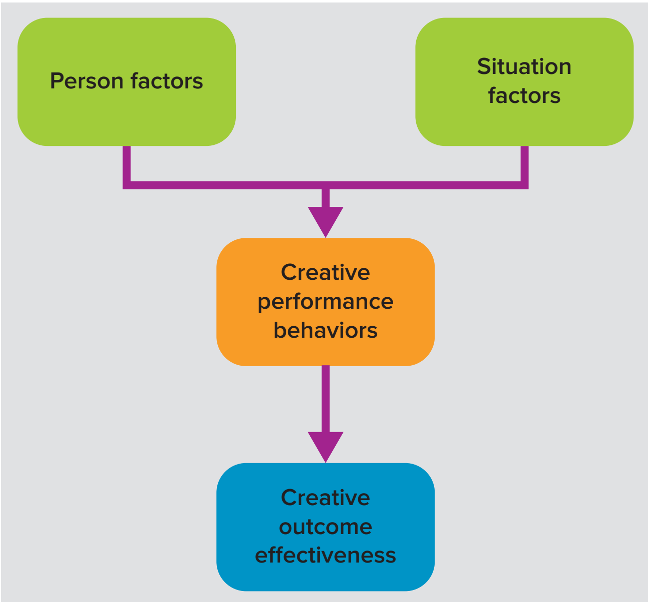
Creativity **is defined here as the process of producing "new and useful ideas concerning products, services, processes, and procedures."**[98] Being creative can be as simple as locating a new place to hang your car keys or as complex as developing a pocket-size microcomputer. You can create something new, combine or synthesize existing things, or improve or change things.

Let's consider a model of creativity to gain some insight into ways you can increase your own creativity and, as a manager, do the same for your employees.

A Model of Creativity

Figure 11.6 illustrates a model of creativity. You can see that it flows nicely from the Organizing Framework for Understanding and Applying OB in that a combination of person factors and situation factors influence creative performance behaviors, which in turn affect creative outcome effectiveness. Let's explore this model, starting with a discussion of the difference between creative performance behaviors and creative outcome effectiveness.

FIGURE 11.6 A MODEL OF CREATIVITY



Creative Performance Behaviors Produce Creative Outcome Effectiveness

Creative performance behaviors **are four key behaviors that drive the production of creative outcomes.** ***Creative outcome effectiveness*** **is "the joint novelty and usefulness (quality) of a product or service" as judged by others.**[99]

Researchers believe the four behaviors constituting *creative performance behaviors* unfold according to the following sequence.[100]

- **Problem formulation/definition.** Problem formulation is the familiar Step 1 in our 3-Step Problem-Solving Approach. The practice of accurately defining the problem will enhance your creativity, and it requires System 1 thinking (System 1 thinking is intuitive and mainly unconscious).
- **Preparation/information gathering.** The preparation stage reflects the notion that creativity starts from a base of knowledge. Experts suggest that creativity arises from the convergence of tacit and explicit knowledge. Lowell Wood, the most prolific inventor in U.S. history—he holds 1,085 patents, one more than Thomas Alva Edison—is inventor in residence at Intellectual Ventures.

Lowell Wood obtained his 1,085th patent in 2015. He is also the inventor or co-inventor on about 2,500 more US. patents that are pending.
© Alex Wong/Getty Images

EXAMPLE Wood is an astrophysicist, a self-taught paleontologist, and a computer scientist. He works hard at being creative. In commenting about his time studying in college and graduate school, he told a writer from *Bloomberg Businessweek* that he "often failed or received the lowest score on the first exam given in a particular course and improved his marks through repetition and intense effort." He credits his ability to find creative solutions to problems to the amount of reading he does. He religiously reads three dozen academic journals from varying fields of study. He got this habit from chemist and author Linus Pauling. Wood asked Pauling how he comes up with all his great ideas. Pauling said, "There's really nothing to it all. You just read, and you remember what you read."[101]

As Lowell Wood's career demonstrates, preparation/information gathering consists of intentionally and actively searching for new information related to a problem.

- **Idea generation.** Generating ideas requires making new mental connections about the task or problem at hand. This behavior is emphasized in brainstorming and calls for System 1 thinking.
- **Idea evaluation/validation.** Selecting the most creative and promising idea from among multiple options relies on System 2 thinking (System 2 thinking is analytical and mainly conscious).

Drivers of Creative Performance Behaviors Figure 11.6 shows that person factors and situation factors go into producing the four creative performance behaviors (and they are inputs in the Organizing Framework of OB). Here is a summary of person factors and situation characteristics, identified through research, that drive creative performance behaviors:

- **Person factors.** Creativity starts with motivation and domain-relevant knowledge. Like Lowell Wood, people need to be motivated to apply their knowledge and capabilities to create new ideas, new products, and solutions to all sorts of problems.[102] Other drivers of creativity include the Big Five personality dimensions, self-efficacy, national culture, willingness to tolerate ambiguity, and proactive personality.[103]
- **Situation factors.** High-commitment work systems promote creative behavior. ***High-commitment work systems*** **rely on selective hiring, comprehensive**

This Google office in London illustrates the type of "cozy" work environment that promotes creativity. Would you find this office distracting, or do you think it would increase your creative performance? © View Pictures/UIG/Getty Images

training, comparatively high pay, pay contingent on performance, and good benefits.[104] We suspect that high-performance work systems demonstrate a form of social support for employees, leading them to put more effort into creative behaviors. Other important situation factors include interpersonal diversity, time pressure, positive relationships with supervisors and coworkers, mutual accountability among group members, and spatial configuration of work settings.[105] For example, many organizations, such as Google, Zappos, Salesforce.com, and Yahoo!, are designing the work environment to encourage casual conversations among employees who don't generally work together. A *Wall Street Journal* reporter noted that these companies do this by "squeezing workers into smaller spaces so they are more likely to bump into each other." They also are "installing playful prompts, like trivia games, to get workers talking in traditional conversational dead zones, such as elevators."[106]

Organizational culture and climate also contribute to the expression of creative behaviors.[107] Self-Assessment 11.4 measures *creativity climate.* If you are curious about whether a current or former employer has a climate for creativity, complete this assessment.

connect SELF-ASSESSMENT 11.4

Assessing Climate for Creativity

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 11.4 in Connect.

1. What items most and least contributed to the company's creative climate?
2. Based on your results and suggestions in the Applying OB box below, what would you do to increase the level of creativity in this organization?

Practical Recommendations for Increasing Creativity

While some consultants recommend hypnotism as a good way to increase employees' creativity, we prefer suggestions derived from research and practical experience. The first recommendation is to effectively manage the four creative performance behaviors. Another is to allow yourself to enjoy boredom. According to experts, "when we experience boredom, two areas of the brain may be busy working closely together—the executive network, which solves problems, and the so-called default network, which takes over when your brain isn't involved with something external. The result is enhanced creativity."[108] This suggests that doing "nothing," such as "just sitting in a café, strolling in the park, lying on the beach, or even staring into space while everyone else is running busily, may be one of the most important creative things we can do," according to management expert Manfred Kets de Vries.[109] Research also has uncovered some practical tips that all of us can use to increase our creativity.

Applying OB

Tips for Sparking Creativity

1. Creativity requires motivation. Whether taking the time to relax and think, or actively brainstorming, you must put effort into being creative.
2. Let the subconscious mind do its work. Trying to force your mind to come up with ideas can stifle creativity. Take a walk, relax, or just plain focus on something else.
3. Daydream. Build time for daydreaming into your daily activities.
4. Seek out the unusual. Watching, visiting, or listening to novel or weird stuff can spark fresh ideas.
5. Surround yourself with the color **blue.** It promotes relaxation and associative thinking.
6. Think like a child. Imagine yourself at a young age and think about how you would have solved the problem at that age.
7. Find time to laugh. Watch a short video or comedic presentation to spur more insights.
8. Try to solve problems when you are groggy. Grogginess fosters creativity.[110]

There is one final issue to consider. Should organizations use extrinsic rewards such as pay and promotions to enhance creativity? While it seems like common sense to do this, research reveals rewards have conflicting effects on creative behavior. When rewards make people feel like they are being controlled, they can reduce creativity. On the other hand, when rewards provide information about what is important and valued, they can increase creativity. Putting it all together, a team of researchers concluded, "The effects of rewards on creative performance depend on the nature of rewards and the context in which the rewards are being offered."[111] This tells us managers should not use a "one size fits all" approach when linking rewards to creative behavior.[112]

What Did I Learn?

You learned that it is critical to master the skills of both decision making and creativity and that you have tools and techniques available to you to do just that. Reinforce your learning with the Key Points below. Consolidate your learning using the Organizing Framework. Then challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 11

You learned the following key points.

11.1 RATIONAL AND NONRATIONAL MODELS OF DECISION MAKING

- There are two fundamental ways of thinking. System 1 is more intuitive and unconscious, and System 2 is more analytical and conscious.
- The rational model explains how managers *should* make decisions.
- The four stages of rational decision making are (1) identify the problem or opportunity, (2) generate alternative solutions, (3) evaluate alternatives and select a solution, and (4) implement and evaluate the solution chosen.
- Nonrational models explain how managers *actually* make decisions. Two nonrational models are the normative model and the intuitive model.
- According to the normative model, decision makers are guided by bounded rationality, which represents the fact that decision makers are "bounded" or restricted by different constraints. This limitation leads to satisficing.
- There are two types of intuition: holistic hunches and automated experiences. Intuition is represented by two distinct processes: one is automatic and the second is controlled, and there are two sources of intuition: expertise and feelings.

11.2 DECISION-MAKING BIASES: RULES OF THUMB OR "HEURISTICS"

- Decision-making bias results from the use of judgmental heuristics. The eight biases are (a) confirmation, (b) overconfidence, (c) availability, (d) representativeness, (e) anchoring, (f) hindsight, (g) framing, and (h) escalation of commitment.

11.3 EVIDENCE-BASED DECISION MAKING

- The goal of evidence-based decision making is to conscientiously use the best data when making decisions.
- Evidence-based decision making has three purposes: to make decisions, to inform decisions, and to support decisions.
- Big data denotes the vast quantity of data available for decision making. It makes information more transparent and usable, allows organizations to measure and collect many types of performance data, allows the segmentation of customers, and can help in developing new products.

11.4 FOUR DECISION-MAKING STYLES

- The model of decision-making styles is based on the idea that styles vary along two dimensions: value orientation and tolerance for ambiguity.
- There are four styles of decision making: analytical, conceptual, behavioral, and directive.

11.5 A ROAD MAP TO ETHICAL DECISION MAKING

- A decision tree is a graphical representation of the process underlying decisions.
- The ethical decision tree is a structured approach for making ethical decisions.
- Answering a series of questions in the tree leads to a recommended decision.

11.6 GROUP DECISION MAKING

- There are both pros and cons to using groups in the decision-making process.
- The advantages include (1) a greater pool of knowledge, (2) different approaches to a problem, (3) greater commitment to decisions, and (4) more visible role modeling.
- The disadvantages to using groups include (1) social pressure to make particular decisions, (2) dominance by a few people, (3) goal displacement, and (4) groupthink.
- Groupthink reduces the quality of decisions and is caused by high levels of cohesiveness among group members that overrides individual differences.
- Seven symptoms of groupthink help predict its occurrence.
- A contingency approach can help in deciding whether to include groups in the decision-making process.
- Three common problem-solving tools are brainstorming, the Delphi technique, and decision support systems (DSS).

11.7 CREATIVITY

- Creativity is the process of using imagination and skill to develop a new or unique product, object, process, or thought.
- Four creative performance behaviors to increase your creativity are problem formulation/definition, preparation/information gathering, idea generation, and idea evaluation/validation.
- Creative behaviors are influenced by a host of person factors and situation factors.

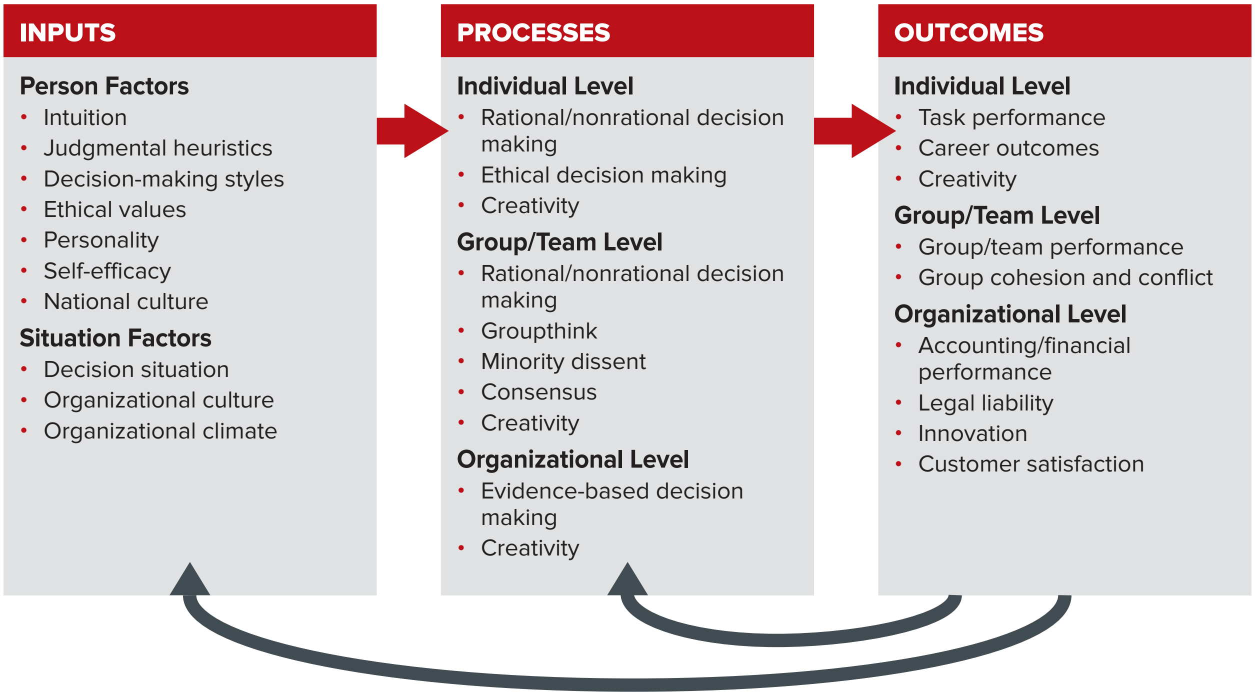
The Organizing Framework for Chapter 11

You learned that decision making is a key process at both the individual and group/team levels, and it is affected by a host of person factors such as intuition, decision making styles, personality, and self-efficacy. Decision making also is influenced by situation factors associated with the decision situation, organizational culture, and organizational climate. As shown in Figure 11.7, a number of additional processes affect outcomes associated with decision making. Decision making is associated with the individual outcomes of task performance, career outcomes, and creativity. At the group level, it affects group/team performance and group cohesion and conflict. Finally, decision making affects an organization's overall financial performance, innovation, and customer satisfaction.

Challenge: Major Questions for Chapter 11

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 11.7, the chapter discussion, and your notes

FIGURE 11.7 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



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to revisit and answer the following major questions:

1. How can I integrate rational and nonrational models of decision making?
2. It's hard to be rational. What biases get in the way?
3. How can I more effectively use evidence-based decision making?
4. How do I decide to decide?
5. How can I assess the ethics of my decisions?
6. What are the pros and cons of group decision making and the various problem-solving tools?
7. How can I increase my own creative behavior and that of my employees?

IMPLICATIONS FOR ME

You can take seven actions to personally apply the material from this chapter. First, work on developing your critical thinking and problem-solving skills. You might begin by trying to solve all the problem-solving application boxes and cases in this book. You can also take an active role in case discussions in other classes. Second, practice identifying problems at work. Consider recommending alternative solutions to your manager. Third, examine past decisions that turned out poorly and consider whether you were influenced by any of the eight decision-making biases. Use awareness of these biases to avoid automatically applying them in the future. Fourth, assess your decision-making style and consider its impact on your teamwork at school and on the job. Fifth, use the ethical decision-making tree when you try to solve the legal/ethical challenges at the end of every chapter in this book. Sixth, use the guidelines for brainstorming whenever you brainstorm with others. Finally, find ways to apply the tips for sparking creativity.

IMPLICATIONS FOR MANAGERS

There are six implications for managers. First, recognize that your decision-making skills not only affect your career progression, but they also influence a variety of important individual, group, and organizational outcomes. Second, use awareness of decision-making biases to help you avoid them. Third, analyze the strengths and weaknesses of your decision-making style. Then try to build on your strengths. Fourth, consider how you might use big data in your managerial role. If you lack the statistical background to make this happen, you might take an internal training class or look for one online. Fifth, train your employees to effectively conduct brainstorming sessions. Finally, consider how you can spark creativity among your team by applying the model of creativity. Remember, creative behavior from your team will positively affect a host of important outcomes.

PROBLEM-SOLVING APPLICATION CASE

Don't Drink the Water in Flint, Michigan

Flint, Michigan, is located 70 miles north of Detroit. It has a population of about 99,000, and roughly 42 percent of its residents live below the poverty line. Fifty-six percent of the community is African American.

Poor economic conditions were not always the norm for Flint. The city thrived for years thanks to the operation of a large General Motors plant, but that changed when the company downsized the plant in the 1980s.[113]

This case is about a series of decisions that led to the contamination of Flint's water supply. Michigan's governor at the time was Rick Snyder, and the mayor of Flint was Dayne Walling. In 2016 the governor created a six-member task force that included experts on issues ranging from public health to environmental issues to investigate Flint's water supply.[114] Assume you are a member of this task force as you analyze this case.

BACKGROUND ON WHAT HAPPENED

Snyder ran for governor in 2010 on the strength of his business and management experience and the promise "to bring outside experts to transform financially languishing municipalities. To do so, he was able to use an existing law that allowed the governor to appoint an 'emergency manager' to trump locally elected officials on key policy decisions."[115] This is an important point because Snyder appointed two emergency managers who played key roles in this case.

According to *The Wall Street Journal,* one of the first orders of business for the emergency manager in 2011 was to "find a cheaper source of water than the Detroit Water and Sewerage Department, which had been raising rates for years." Flint's City Council voted 7–1 in March 2013 to "leave the Detroit system and use a new system proposed by Genesee County to draw its own water from Lake Huron." The move to the new system was made official by emergency manager Ed Kurtz in 2013, and state treasurer Andy Dillon approved $81 million in financing. The decision was expected to save the city millions of dollars.[116]

Kurtz then commissioned a study to find whether the Flint River could be used as the water supply while the pipeline from Lake Huron was being built. The study panel concluded that the river water was one option, but it presented challenges. It's not clear whether other viable options were considered. Scott Kincaid, a member of Flint's City Council, told *The Wall Street Journal* that using the Flint River as a primary water source "was never discussed" during the council's vote. One year later, Darnell Early, the new emergency manager, ended the city's arrangement with Detroit Water and began to implement the plan to use Flint River water.[117]

The Michigan Department of Environmental Quality (MDEQ) then approved permits to upgrade Flint's water-treatment plant, enabling it to treat river water. Mike Glasgow, a lab supervisor at the water treatment facility, sent an e-mail to the MDEQ saying "the Flint water treatment plant was not ready to start treating Flint River water and would do so only 'against my direction.'" He told an investigative committee that no one responded. Water from the river began to flow to residents' homes in a matter of days. Although Glasgow thought this was a bad idea, and "nobody asked his opinion in any official way," he apparently stopped protesting.

Glasgow "testified he expected corrosion-control chemicals to be used in the treatment process, but the state didn't require the chemicals. The plant would not have been able to add the phosphates in any case . . . because it didn't have the necessary equipment and would have had to wait three to six months to order and install it. . . . There was a deadline we had to meet. I almost feel like everything was just happening so fast . . . so many different things to look at . . . it was somewhat easy for these things to be overlooked."[118]

WHAT HAPPENED TO THE WATER?

The water began to turn brown and smell of chlorine. Residents like LeeAnne Walters began to notice changes within her family. Everyone began to lose hair, and the children came down with a host of problems. Walters told a reporter that "the twins, 3-year-old Gavin and Gerrett, kept breaking out in rashes. Gavin had stopped growing. On several occasions, 14-year-old JD suffered abdominal pains so severe that Walters took him to the hospital. At one point, all of LeeAnne's own eyelashes fell out."

The city ultimately came to Walters' home and tested the water, but according to experts, it used an inaccurate method to do so. Officials also suggested that the problem was due to plumbing within the Walters home and not to water source contamination.

It turns out that Walters' family and many others were suffering from the effects of lead in the water supply. These effects are more severe for children and can lead to “irreversible neurological consequences.” The lead exposure continued for 17 months despite repeated complaints from Flint residents.

Flint officials sent a notice to all residents in January 2015. It said “that the city’s water contained high levels of trihalomethanes, the byproduct of a disinfectant used to treat the water. Over time, these chemicals can cause liver, kidney, and nervous system problems.” The notice warned “that sick and elderly people might be at an increased risk, but it said the water was otherwise safe to drink.”[119]

The city continued to tell people throughout most of 2015 that the water was fine. Mayor Walling said, “The city water is safe to drink. My family and I drink it and use it every day.”[120]

Other evidence suggest otherwise. Tests by Marc Edwards, an expert in lead corrosion at Virginia Tech, revealed lead concentrations “more than twice the level the EPA classifies as hazardous waste.” This led to an investigation by Dr. Mona Hanna-Attisha, a pediatrician at Hurley Medical Center. Her findings demonstrated that children under age five had lead concentration levels that had doubled or tripled since the city switched to using Flint River water.[121]

There was even a spike in Legionnaires’ disease in the Flint area. From June 2014 to November 2015, 87 people were hospitalized, and nine died. Although there is no clear scientific proof that the lead-contaminated water caused these illnesses, one expert concluded, “It’s a ‘reasonable conclusion’ given the link between poor water quality and Legionnaires’ disease in scientific studies elsewhere.”[122]

Residents of Flint have had many hardships trying to live with the problem. Consider the cost of using bottled water for drinking and washing dishes. Taking showers was also problematic due to the frequency of skin rashes associated with bathing in tainted water. A survey showed that 80 percent of the residents substantially changed their bathing habits because of the water crisis. According to a report in *The New York Times,* “Some have found cheap memberships at gyms just outside the city and use them to bathe more than exercise. Others waited in a long line last month [March 2014] to receive contraptions called Pump-N-Sprays: nozzles and foot pumps that can be attached to 5-gallon bottles of water as makeshift showers.”[123]

WHAT DID THE INVESTIGATIONS REVEAL?

Tax cutting and the desire to save money played a role in the damage to Flint. An economist from Michigan State University concluded that “tax cuts of this magnitude, some of which were passed during the first year of Gov. Snyder’s administration, were bound to have real consequences.”[124]

The power and authority of the emergency managers making the key decisions also affected the chain of events leading to the tragedy. And officials from two state agencies—the Department of Environmental Quality and the Department of Health and Human Services—contributed as well. They were warned by Miguel Del Toral, an official from the US Environmental Protection Agency, that Flint had not put anticorrosion safeguards in place to protect people from the Flint River water. These state officials also ignored warnings from Marc Edwards and Dr. Mona Hana-Attisha. Finally, the decision to approve permits to improve Flint’s water-treatment plant by the Department of Environmental Quality was flawed. Officials apparently misinterpreted the “federal Lead and Copper Rule, which required the city to control corrosion in pipes to prevent the leaching of lead.”[125]

Local officials played a part in that they went along with the decision to use the Flint River water as an interim supply while the pipeline to Lake Huron was being constructed. Photos show them toasting the decision.[126]

The governor and his staff demonstrated a lack of oversight. One report noted, “Neither the governor nor the governor’s office took steps to reverse poor decisions by MDEQ and state-appointed emergency managers until October 2015, in spite of mounting problems and suggestions to do so by senior staff members in the governor’s office, in part because of continued reassurances from MDEQ that the water was safe.” The MDEQ also was faulted for “failing to enforce drinking water regulations, while the state health department was criticized for failing to ‘adequately and promptly act to protect public health.’”[127]

As of August 2016, CNN.com reported that “nine current and former state and local officials face counts ranging from willful neglect of duty to conspiracy over allegations they withheld information from the public about lead contamination in the city's drinking water.”[128]

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework in Figure 11.7 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of a member of the task force investigating this problem.

C. Use details in the case to identify the key problem. Don't assume, infer, or create problems that are not included in the case.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 11.7. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box shown in Figure 11.7. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

C. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 11 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Should Apple Comply with the US Government's Requests to Unlock iPhones?

This case considers the long-term implications of Apple's decision to deny local and federal requests to unlock data on iPhones. It all started with the terrorist attack perpetrated by Syed Rizwan Farook and his wife, Tashfeen Malik. The couple killed 14 people in San Bernardino, California, in 2016.

The FBI wanted to see the contents of Farook's phone in order to gain information about others who may have been involved with the terrorist attack. It wanted Apple to "create a special version of the iPhone's software that only works on the recovered device. Apple has to sign it with its secret keys in order to install it on the subject's iPhone. This custom version will 'bypass or disable the auto-erase function' so it will not wipe the phone after a number of failed passcode guesses."[129]

Although Apple had already provided the government "what it has that fits the usual kind of document demands, including information the terrorists had stored in Apple's cloud service," it was not enough. The terrorists had quit backing up their phone, which forced the FBI to find a way to bypass Apple's security features. Apple had no way of doing this.[130] Apple refused to comply with the request, leading to a court order demanding that it create the software needed to bypass the phone's security features.

In an interview with ABC, Apple CEO Tim Cook said, "The government shouldn't be able to force Apple to compromise the privacy of hundreds of millions of iPhone users in order to unlock a terrorist's iPhone." He added that it would "force Apple to create 'the software equivalent of cancer.'" The company further contends that "coding a 'back door' in the iPhone would compromise the security of hundreds of millions of its customers."

When pressed about the fact that Apple's cooperation might prevent other terrorist attacks, Cook replied, "Some things are hard, and some things are right, and some things are both. This is one of those things." CEOs Mark Zuckerberg of Facebook and Sundar Pichai of Google supported Cook's decision.[131]

As a court showdown loomed in early 2016, the FBI sought the help of hackers to break into the device. Companies in both the United States and Israel participated in the effort and one of them came up with a solution.[132] The government then dropped its legal case against Apple.

Although the immediate case of Farook's phone is over, long-term implications about encryption-protected technology remain. According to US Justice Department spokesperson Melanie Newman, "It remains a priority for the government to ensure that law enforcement can obtain crucial digital information to protect national security and public safety, either with cooperation from relevant parties, or through the court system when cooperation fails." In response, Apple says it "believes deeply that people in the United States and around the world deserve data protection, security, and privacy. Sacrificing one for the other only puts people and countries at greater risk."[133]

USA Today concluded that the government's interest in this issue is unlikely to go away because "state and local authorities are confronted with more than 1,000 locked smartphones and other devices, blocking access to potential evidence."[134] A case in point led the Justice Department to seek a court order in April 2016 that would force Apple to unlock an iPhone taken during a drug investigation in Brooklyn. According to *The Wall Street Journal,* "The technical issues in the Brooklyn case are somewhat different than in San Bernardino because they involve different iPhone hardware and software. Apple has a technique for pulling data from the Brooklyn phone but is resisting applying it, saying compelling it to do so would amount to government overreach and an invasion of customers' privacy."[135] Cook is adamant in his resolve. He said, "We will not shrink from this responsibility. . . . We need to decide as a nation how much power the government should have over our data and over our privacy."[136]

Solving the Challenge

Where do you stand on this issue of forcing high-tech firms such as Apple to accommodate governmental requests for unlocking phones?

1. I think national security is more important than privacy. After all, we are talking about unlocking the phones of criminals. Technology firms should be forced to comply with government officials' requests to unblock encrypted devices.
2. Although our data and privacy need to be protected, I think Apple and other technology companies should be forced to comply only when the case involves terrorism. Encrypted devices should not be unlocked for investigations of other criminal activities.
3. The privacy of our data and phone contents must be protected. I am not in favor of forcing Apple or any technology firm to unblock encrypted devices.
4. Identify another option.

12 POWER, INFLUENCE, AND POLITICS

How Can I Apply Power, Influence, and Politics to Increase My Effectiveness?

Major Topics I'll Learn and Questions I Should Be Able to Answer

12.1 Power and Its Basic Forms

MAJOR QUESTION: *What are the basic forms of power and how can they help achieve my desired outcomes?*

12.2 Power Sharing and Empowerment

MAJOR QUESTION: *How can sharing power increase my power?*

12.3 Effectively Influencing Others

MAJOR QUESTION: *How do influence tactics affect my personal effectiveness?*

12.4 Political Tactics and How to Use Them

MAJOR QUESTION: *What are the many forms of politics, and how can understanding them make me more effective at school, at work, and socially?*

12.5 Impression Management

MAJOR QUESTION: *Do I seek only to impress, or to make a good impression?*

This chapter focuses on power and influence. Not only are these two concepts group/team-level processes in the Organizing Framework for Understanding and Applying OB (see Figure 12.1), but they are arguably two of the most important concepts you'll study in this book. The reason for this bold assertion is that you are being influenced by and attempting to influence others all day and almost every day of your life, especially at work. Understanding and applying knowledge related to power, influence, empowerment, political tactics, and impression management are extremely valuable to you personally. You'll see support for this claim in the Organizing Framework, where power and influence relate to most outcomes across all levels of OB. Many different person and situation factors are related to power and influence, but our primary focus is on understanding the power and influence processes themselves and the numerous outcomes they affect.

FIGURE 12.1 THE ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

Winning at Work

Make Meetings Work for You

As one business writer put it: "If you had to identify, in one word, the reason why the human race has not achieved, and never will achieve, its full potential, that word would be 'meetings.'"[1] This cynical and funny quote resonates with employees everywhere. You've probably never heard anyone plead for more meetings. One estimate is that the average worker spends four hours a week in meetings and feels that at least half that time is wasted.[2] A sample of CEOs revealed they spend on average of 18 hours per week in meetings.[3] Yet despite the pain, we know people need to meet, and when managed effectively, groups and teams of people can accomplish great things. We therefore give you practical tools to get the most out of your meetings, your colleagues, and your time.

Common Complaints

Three of the most common complaints about meetings are that they:

1. Are unnecessary.
2. Don't accomplish much.
3. Are too long.

What to Do to Improve Meetings

1. *Make and distribute an agenda.* Do more than simply state purpose, day, time, and location. Also tell participants specifically what they need to do to prepare.
2. *Set and communicate a goal for the meeting.* Explain in advance what you want to accomplish by the time you conclude the meeting, such as a decision or plan of action. Tell participants your goal again at the beginning of the meeting.
3. *Assign responsibilities.* Assign roles and responsibilities for the meeting itself, and then assign follow-up or next steps.
4. *Set a time limit.* Some experts suggest that meetings be limited to no more than 45 minutes. There are at least two benefits to this practice: (1) people typically schedule calendar items to begin on the hour, and a 45-minute limit gives them time to get to and prepare for their next appointment; and (2) tasks expand to fill the time you give them, and allowing only 45 minutes will help keep you disciplined and on task.[4]
5. *Match complaints with solutions.* Establish the expectation that someone who raises an issue or complaint must also provide a potential solution.
6. *Control the conversation.* Some people ramble, others complain without offering solutions, and still others wander off on tangents. You don't want to be rude, but you must control the meeting. To a rambler, say: "Interesting comment, Taylor. Let's talk about it after the meeting." Complainer: "Robin, we've heard your issue. What solution do you recommend?" Tangents: "Sylvia, you've taken the discussion off the agenda. Is there something we're missing or something bothering you?"[5]
7. *Be concise.* Tell everybody you expect comments that are concise and on topic, and reinforce this by modeling the same behavior.
8. *Stick to a schedule.* Start on time and end on time.

Greg Caimi, a partner at Bain Consulting and author of the firm's time management study, said: "If time really was money, and accounted for in the same way, many companies would be running huge deficits."[6] Treat *your* time, and that of others, like money and don't run deficits!

What's Ahead in This Chapter

The purpose of this chapter is to give you a survival kit for the rough-and-tumble side of organizational life. We explore the interrelated topics of power, empowerment, influence and persuasion, organizational politics, and impression management. These topics are in the group and team section of the book because they are about influencing others—individuals *and* groups. They also are important group-level processes in the Organizing Framework for Applying and Understanding OB. The way you influence others affects their response and your effectiveness. Appropriate, skilled, and ethical use of the knowledge in this chapter will not only help set you apart from your peers, but it will also close the gap between you and those with more experience and bigger titles.

12.1 POWER AND ITS BASIC FORMS

MAJOR QUESTION

What are the basic forms of power and how can they help me achieve my desired outcomes?

THE BIGGER PICTURE

You try to influence people all day, every day of your life, sometimes with great effort and other times without even being aware. And others are doing the same to you. To influence people, you draw on various types of power depending on the situation. You might simply tell a subordinate to do what you want, or you might inspire a coworker with your charismatic personality and persuasive prowess. The way you choose to influence others, and the types of power you use, can have important implications for the responses you get. We will help you gain and apply knowledge to boost your effectiveness at managing outcomes across the levels of the Organizing Framework for OB.

Power **is the discretion and the means to enforce your will over others.**[7] Defined this way, power is all about influencing others. The more influence you have, the more powerful you are, and vice versa. To skeptics, Lord Acton's time-honored declaration that "power tends to corrupt, and absolute power corrupts absolutely" is truer than ever. However, like it or not, power is a fact of life in modern organizations. According to one management writer,

> Power must be used because managers must influence those they depend on. Power also is crucial in the development of managers' self-confidence and willingness to support subordinates. From this perspective, power should be accepted as a natural part of any organization. Managers should recognize and develop their own power to coordinate and support the work of subordinates; it is powerlessness, not power, that undermines organizational effectiveness.[8]

To make our discussion of power more practical, we distinguish five common forms or bases of power.

FIGURE 12.2 THE FIVE BASES OF POWER

Five Bases of Power

A popular and useful distinction is made between five bases of power: legitimate, reward, coercive, expert, and referent. (See Figure 12.2.) Each takes a different approach to influencing others and has advantages and drawbacks. Let's learn more.

Legitimate Power Legitimate power is what most people think of as authority and is anchored to a formal organizational position. Thus, **managers who obtain compliance primarily**

because of their formal authority to make decisions have *legitimate power.* Legitimate power may be expressed either positively or negatively.

- *Positive legitimate power* focuses constructively on job performance. The Priceline Group board utilized this form of power when it ousted CEO Darren Huston for having an inappropriate relationship with another employee, which violated the company's code of conduct.[9] The board not only punished the CEO, but it sent a strong signal to the rest of the organization that policies are enforced consistently—from top to bottom—and reinforced its legitimate power.
- *Negative legitimate power,* in contrast, tends to be threatening and demeaning to those being influenced, if not simply an exercise in building the power holder's ego. Many US politicians have used their legislative position power to name various "monuments" after themselves, from the Charles Rangel Center for Public Service (New York) to the Ted Stevens Airport (Alaska). The late Robert Byrd from West Virginia had more than 30 monuments named after him.[10] More recently, Mylan Pharmaceuticals purchased office space for a new headquarters from a development company run by its vice chairman and compensation committee chief, Rodney Piatt. The large, mixed-use development is also named after Piatt. Mylan did not publicly disclose Piatt's interests, which violates Securities and Exchange Commission (SEC) regulations. (Board members and especially compensation committee members have special reporting requirements.)[11]

Can you think of your own examples of both positive and negative legitimate power?

Reward Power Individuals or organizations have ***reward power*** **if they can obtain compliance by promising or granting rewards.** Pay-for-performance plans and positive reinforcement practices rely on reward power. The relationship between Exide Technologies and Walmart provides an example. When Exide's products and services were attractive to Walmart, the company was rewarded with more than $100 million of annual business. But when Walmart withdrew its business and went to a competitor, Johnson Controls, Exide was forced into bankruptcy.[12]

Coercive Power The ability to **make threats of punishment and deliver actual punishment produces *coercive power.*** The Federal Trade Commission (FTC) filed a lawsuit against DeVry University, one of the largest for-profit colleges in the United States. The FTC charged that the company falsely claimed 90 percent of its graduates gained employment within six months of graduation and earned 15 percent higher salaries a year after graduation than graduates of all other colleges.[13]

Expert Power **Valued knowledge or information gives an individual *expert power*** over those who need such knowledge or information. One way the power of supervisors is enhanced results from knowing about work assignments and pay raises before their employees do. Many also possess expert power due to their past experience and performance.

Referent Power ***Referent power*** **comes into play when our personal characteristics and social relationships are the reason for others' compliance.** Charisma is commonly associated with referent power, but you do not need to be the life of the party to possess referent power. In Asian cultures, for instance, characteristics such as age, gender, or family name are sources of social status and referent power. One often-overlooked and underestimated source of referent power is your network of relationships. For instance, say a coworker calls and asks whether you can help her with a project. You tell her you don't have the knowledge or skill yourself, but that Susan, a member of another department whom you happen to know, can provide the help your coworker requires. You make the introduction. Because you introduced your coworker to somebody who helped her, you have referent power by virtue of your relationships.

OB in Action

Former Government Officials Wielding Influence at Consulting Group

Many employees of consulting firm Promontory Financial Group are former government regulators of the US financial industry. One is Mary Shapiro, former head of the Securities and Exchange Commission. The firm helps banks challenge regulatory rules and influence reforms, such as the Volker rule that, among other things, puts curbs on risky trading by banks.

One bank executive said banks "sometimes hired Promontory to appease regulators, who think highly of the firm's expertise."[14] Given that the executives at Promontory are themselves former regulators, it is no surprise they have the knowledge to influence *today's* regulators.

However, they boost their expert power significantly by also drawing heavily on the relationships or referent power gained in their previous positions in government.[15] Promontory Financial Group is not alone. As a recent report by the Sunlight Foundation indicated, the number of "lobbyists with former government experience has nearly quadrupled since 1998. . . . Those revolving door lobbyists, mostly from Capitol Hill, accounted for nearly all of the huge growth in lobbying revenue during that period, which increased to $1.32 billion [in 2012] from $703 million in 1998."[16] Lobbying revenues increased another 25 percent between 2012 and 2015.[17]

YOUR THOUGHTS?

1. What are your thoughts about government regulators working in the private sector to influence the regulations they once set and enforced?
2. If you were able, would you implement any restrictions on the influence of former regulators? Why or why not?

Referent power drives the success of a number of marketing schemes, such as those used by Tupperware and Mary Kay. These companies and others use independent contractors to throw home parties to display and sell goods to friends and families. More recently, the solar power industry has been using referent power to expand its business. Companies such as SunWize, SmartPower, and SolarCity assume that some of the best salespeople are those that are happy customers. Some of those customers may be more willing to share their experiences and enthusiasm with people they know if they are paid a referral fee on resulting sales."[18] The solar companies have found this approach is an easy and effective means of finding new customers, demonstrating that people are more trusting of and more easily influenced by people they know.

Some residential solar companies are using the referent power of customers' relationships (their families and friends) to market and sell their products via home parties, as Tupperware and Mary Kay have done successfully for years.
© SasPartout/agefotostock RF

Reputation is another aspect of referent power. Many companies hire new CEOs in part to reap the benefits of the executive's reputation. Valeant, a pharmaceutical company that had a meteoric rise and crash in 2015 and 2016, replaced CEO Mike Pearson with Joseph Papa, the former chief executive of Irish drugmaker Perrigo, known for effectively leading companies through tough times and for having high ethical and operational standards. All these were needed at Valeant, whose fall was largely the result of a barrage of congressional and SEC probes into its accounting practices and business model, both attributed to Pearson.[19]

Now that you've learned about the five bases of power, complete Self-Assessment 12.1 to identify which bases you prefer to use. Answering the associated questions will help you understand how the various forms of power can both help and hurt you when trying to influence others.

connect SELF-ASSESSMENT 12.1

What Kind of Power Do I Prefer?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 12.1 in Connect.

1. Which of the five bases of power do you prefer to use?
2. Describe how this form of power helps you at school, at work, and socially.
3. Which of the five bases is your least preferred? What are the implications for you at school, at work, and socially?
4. What two specific things can you do to increase your expert power? Two things to increase your referent power?

Adapted from T. R. Hinkin and C. A. Schriesheim, "Development and Application of New Scales to Measure the French and Raven (1959) Bases of Social Power," *Journal of Applied Psychology,* 1989, 567, American Psychological Association.

Position vs. Personal Power

The first three forms of power—legitimate, reward, and coercive—are often referred to as ***position power*** **because the source of influence is associated with a particular job or position within an organization.** Managers, for instance, have legitimate, reward, and coercive power because they control your pay, your work assignments, your hiring and firing, and your evaluations. In contrast, expert and referent are forms of ***personal power,*** **which you possess independent of your position or job.** (See Figure 12.3.)

FIGURE 12.3 BASES OF POWER: POSITION AND PERSONAL

These two general sources of power frequently collide when you are promoted and then must manage the people who just yesterday were your peers. The following Applying OB box offers good advice.

Applying OB

From Teammate to Manager: Taking Charge

If you've been promoted to manage your group, you suddenly have more legitimate power. But to be an effective manager, you need to exercise that power carefully, in a way that doesn't alienate but instead motivates your former peers.

Satya Nadella confronted such challenges at Microsoft. Assuming the CEO role made him every employee's boss, including other executives who had been his peers.[20] The transition was not easy, and some executives left the company while others were promoted. The following advice can help you influence former peers who are now subordinates:

1. *Don't show off.* It might be tempting to strengthen your leadership role with an aggressive, dominating style, overseeing every detail. But that approach stirs resentment.
2. *Do accept responsibility.* Don't try to remain buddies if it will undermine your ability to get the job done. Collaborate when it's the best way to accomplish goals, not to save a friendship.
3. *Do your homework.* Work with your new supervisor to define goals for yourself and your team. Strengthen your network of mentors to improve your management skills. Meet with your staff to go over your vision and expectations. Setting a direction for the team enhances your credibility (via expert power).
4. *Pay attention to team members' concerns.* Show them how meeting the group's goals will put them on track toward meeting their own needs.

What do you think would be the greatest challenge to being promoted and having to manage your peers? Imagine, for example, that you are suddenly responsible for grading classmates. Explain how you would apply the four recommendations given above.

Power, but for What Purpose?

Asserting power is a necessary and sometimes even a subconscious activity in our lives. However, we often overlook the potential outcomes. People tend to have three primary reactions to our attempts to manage and otherwise influence them—resistance, compliance, and commitment.

- **Resistance.** You know what resistance is, but have you ever thought of the many forms and degrees? People can simply be indifferent, be passive-aggressive, or actively resist, to the extent of purposefully undermining or even sabotaging your efforts. The degree and form of resistance thus matter.
- **Compliance.** Those who comply do only what is expected, nothing more. They exert no extra effort and provide no extra input.
- **Commitment.** Those who are committed believe in the cause and often go above and beyond to ensure its success.[21]

These outcomes are obviously different, and the differences matter! One factor that certainly can affect others' responses is how ethically or responsibly you utilize any form of power.

Using Power Responsibly, Ethically, and Effectively Leaders who do not use their power responsibly risk losing it. This has been shown time and again in political uprisings and the ouster of government leaders, as well as in the persistent waves of scandals in business and resulting downfalls of executives. Research is mounting that pro-social employees who ascend to leadership and use their position to benefit the group outperform pro-self individuals who become leaders and use the position to benefit themselves. These same pro-social leaders were also more effective at fostering contributions from their teams.[22]

As a senior level commander, General Wesley Clark needed to influence people all of the time. Of course he had considerable position power as a general, which in many instances enabled him to get others to comply with his wishes and orders. However, he also knew that sometimes he needed others to actually buy-in and commit. He therefore chose the bases of power accordingly to be more effective. © John Thys/AFP/Getty Images

For managers who want to avoid the potential pitfalls and wield power responsibly, a step in the right direction is understanding the difference between commitment and mere compliance. Responsible managers strive to use power for the good of others, rather than simply for personal gain. General Wesley Clark, former NATO commander, put it this way:

> Sometimes threatening works, but it usually brings with it adverse consequences—like resentment and a desire to get even in some way. People don't like to be reminded that they are inferior in power or status. And so, in business, it is important to motivate through the power of shared goals, shared objectives, and shared standards.[23]

As Clark describes, sometimes you only need somebody to comply, but at other times you need genuine commitment. Choose the types of power you use accordingly.

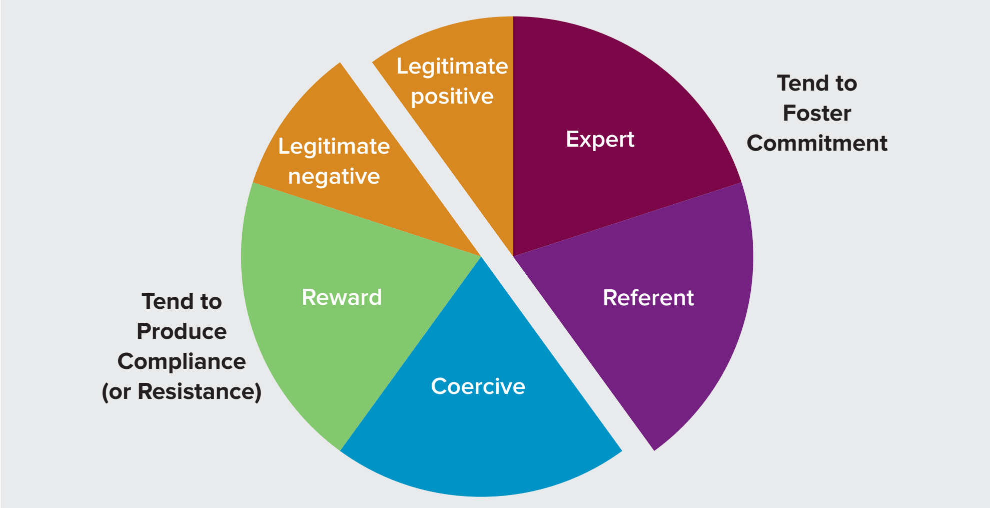
How Do the Five Bases of Power Relate to Commitment and Compliance? Research, practice, and perhaps your own experiences reveal that, as shown in Figure 12.4:

- Reward, coercive, and *negative* legitimate power tend to produce *compliance* (and sometimes resistance).
- *Positive* legitimate power, expert power, and referent power tend to foster *commitment*.

Once again, commitment is superior to compliance because it is driven by internal or intrinsic motivation. Committed employees tend to be self-starters who do not require close supervision. Intrinsically motivated self-starters are success factors in today's flatter, team-oriented organizations. In contrast, employees who merely comply require frequent jolts of power from the boss to keep them going.

Bases of Power and Outcomes in the Organizing Framework Research gives us some insights into how different bases of power affect important outcomes in the

FIGURE 12.4 BASES OF POWER: COMMITMENT VS. COMPLIANCE

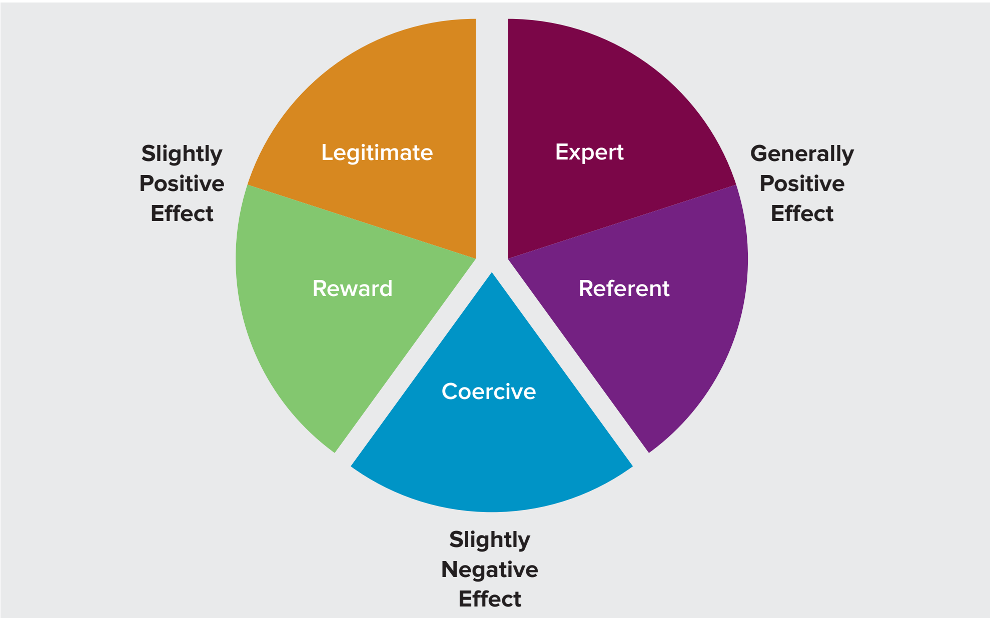


Organizing Framework, such as job performance, job satisfaction, and turnover. These relationships also are summarized in Figure 12.5.

- Expert and referent power have a generally positive effect.
- Reward and legitimate power have a slightly positive effect.
- Coercive power has a slightly negative effect.[24]

Now that you have a clearer sense of what power is and how it operates, let's learn about how sharing power can actually increase your own power.

FIGURE 12.5 BASES OF POWER AND EFFECTIVENESS OF OUTCOMES



12.2 POWER SHARING AND EMPOWERMENT

MAJOR QUESTION

How can sharing power increase my power?

THE BIGGER PICTURE

How much do you like being told what to do? Chances are you didn't like it as a kid and like it even less as an adult at work. Thankfully, many managers and organizations are looking to employees to solve problems and make decisions, instead of always telling them what to do and how to do it. This increased participation and sharing of authority is the result of empowerment. We explore different forms of empowerment (structural and psychological), various degrees of empowerment, and ways to foster it in individuals, teams, and organizations.

Empowerment **consists of efforts to "enhance employee performance, well-being, and positive attitudes."**[25] Empowerment has been shown to favorably influence many outcomes in the Organizing Framework, such as job satisfaction, organizational commitment, performance, turnover, and employee stress.[26]

Besides these benefits, empowerment is becoming a necessity. Time-management research done by Bain & Co. revealed that executives today receive on average of 30,000 (electronic) communications per year—up from a mere 1,000 in the 1970s. At this rate executives will soon spend more than one day every week managing electronic communications. Some already spend the equivalent of two days a week in meetings.[27] This means no individual, executive or not, can accomplish all the necessary tasks alone. You must share the load. To help in this effort, research and practice related to empowerment have focused on two general forms—*structural* and *psychological*.

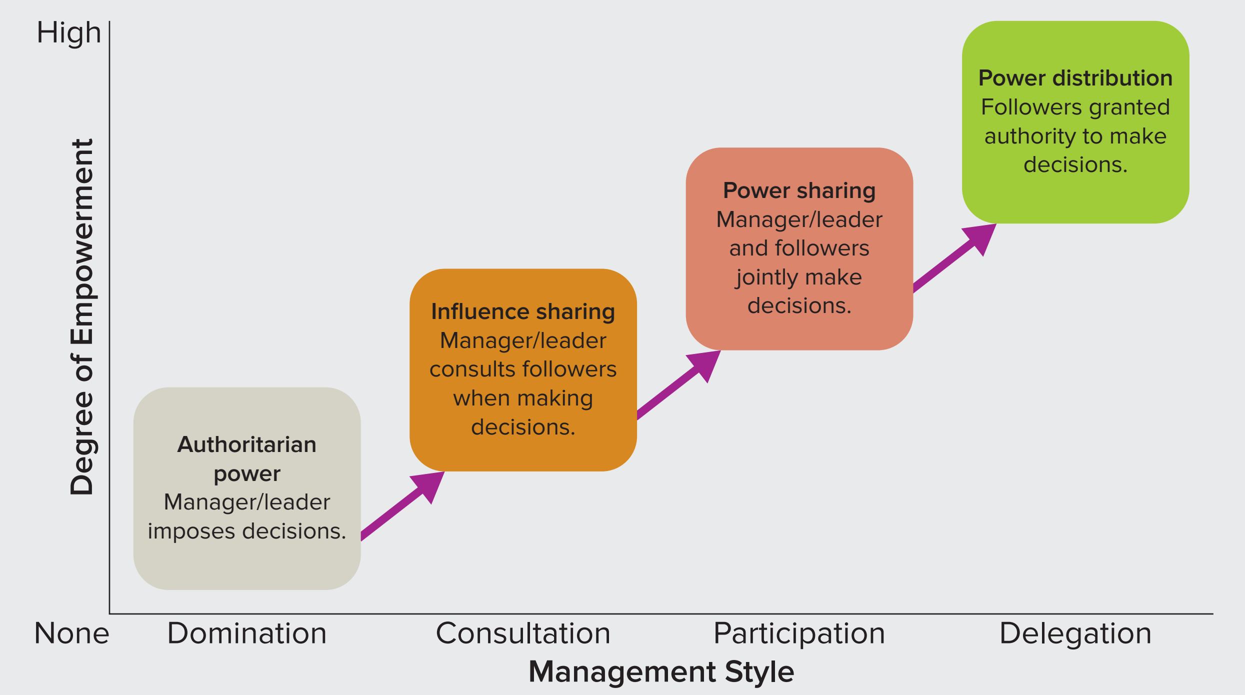
Structural Empowerment

Structural empowerment **transfers authority and responsibilities from management to employees.** Some popular ways to do this are via the job design and job characteristics forms of motivation. Managers and their employers can boost employee empowerment by changing policies, procedures, job responsibilities, and team designs. Any of these that increase the effectiveness of employee decision making are likely also to increase their performance, well-being, and job-related attitudes. To better understand and apply this knowledge about empowerment, it is necessary to think about the issue correctly.

Thinking the Right Way about Empowerment Effective empowerment does *not* include giving decision-making authority to just any employee in every situation. That would be both foolish and irresponsible—and would not be empowerment. Instead, decision-making authority and other broader responsibilities should be shared only with those who are competent to do what is necessary. There are two pitfalls to avoid:

1. Empowerment is *not a zero-sum game* in which one person's gain is another's loss.[28] Sharing power, via empowerment, is a means of increasing your own power. As Frances Hesselbein, the woman credited with modernizing the Girl Scouts of the USA, put it: "The more power you give away, the more you have."[29] Authoritarian

FIGURE 12.6 THE EVOLUTION OF POWER FROM DOMINATION TO DELEGATION



managers who view employee empowerment as a threat to their own power are missing the point because of their win–lose thinking.

2. Empowerment is *a matter of degree,* not an either–or proposition. Figure 12.6 illustrates how power can be shifted to the hands of nonmanagers step by step. The overriding goal is to increase productivity and competitiveness in organizations. Each step in this evolution increases the power of organizational contributors who traditionally were told what, when, and how to do things.

Sharing Power to Increase Your Power and Performance A common element of empowerment is pushing decision-making authority to lower levels. This is illustrated in Figure 12.6. At the level of least empowerment, managers and leaders practice domination, characterized as authoritarian power wherein they make all of the decisions and then hand them down to employees. Next is consultation, which occurs when employees are asked for their input, but managers ultimately make the decisions themselves. Participation is when managers and employees jointly identify problems and solutions—power is shared more or less evenly. Finally, delegation occurs when managers turn over decision-making authority to employees and remove themselves from the process. It is important to note that one level of empowerment is not necessarily better than another. Like many other things related to OB, the degree of power sharing should match the needs of the situation and the capabilities of the individuals or teams involved.

Twitter, for example, embodies its belief in empowerment in its mission statement: "To give everyone the power to create and share ideas and information instantly, without barriers."[30] This sounds like a definition of empowerment, and Twitter emphasizes this not just with its customers but also with its employees. Brian Schipper, vice president of human resources, said, "When we're building the platform and developing new products and policies, we want to empower individuals and be a force for good in the world."[31] This is both empowering and inspiring.

Homewood Suites, part of Hilton Hotels, offers a 100 percent money-back guarantee if a guest isn't satisfied. Any employee—from housekeeper to manager—can make good on that guarantee; no manager's approval is needed. And the guest doesn't have to go through a chain of command to have a complaint resolved. "The return we get on every dollar refunded is 20 to 1," said former executive Frank Saitta, based on repeat business and referrals from those refunded guests. The return on engaged employees "is much higher."[32]

Now that you have an understanding of structural empowerment, let's move on and learn about psychological empowerment.

Psychological Empowerment

***Psychological empowerment* occurs when we feel a sense of:**

Meaning—Belief that our work values and goals align with those of our manager, team, or employer.

Competence—Our personal evaluation of our ability to do our job.

Self-determination—Sense that we have control over our work and its outcomes.

Impact at work—Feeling that our efforts make a difference and affect the organization.[33]

How Do Structural and Psychological Empowerment Differ? While structural empowerment draws on job design and characteristics, psychological empowerment is related to self-efficacy and intrinsic motivation.[34] "It is less concerned with the actual transition of authority and responsibility but instead focuses on employees' perceptions or cognitive states regarding empowerment."[35] Put simply, if you feel that your work has meaning, that you are competent, and that you have some control (self-determination), you are very likely to feel highly efficacious and perform at a high level.

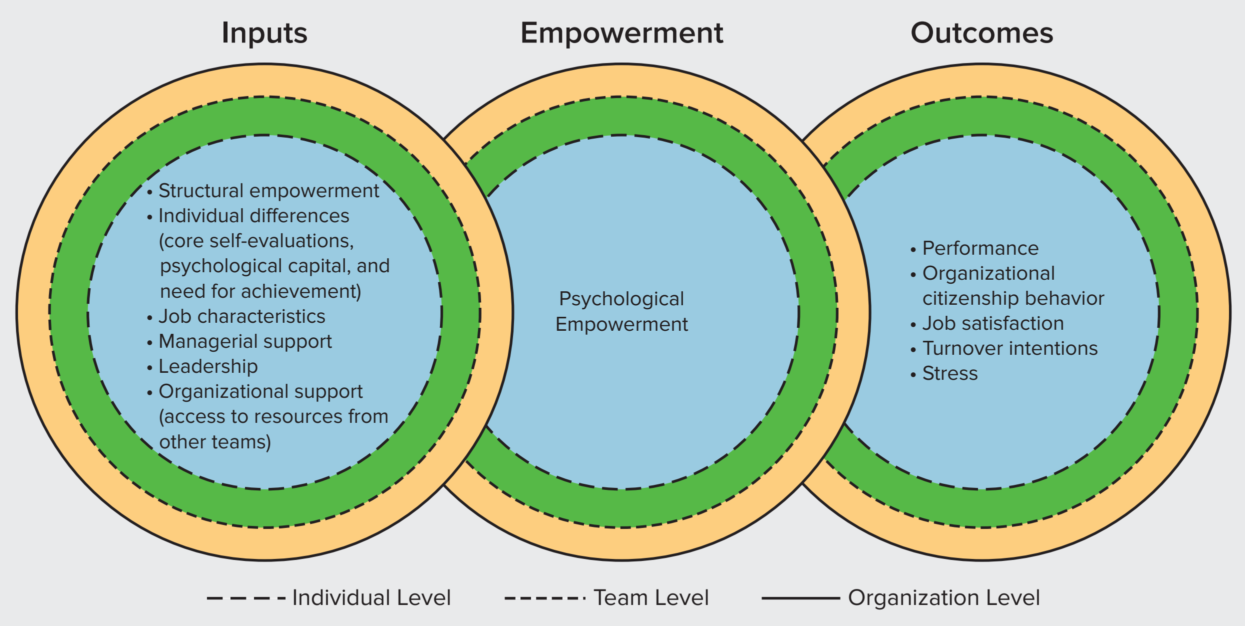
It therefore is necessary to do more than simply delegate responsibilities if you wish to psychologically empower others. For instance, assume you're a janitor and you clean sinks, and you do it very well. Would you feel empowered if your manager said, "Because you clean the sinks so well, now I'd like you to clean the toilets too." Empowered? No. Where is the sense of meaning or impact? This is simply delegating more work to you (similar to simple job enlargement). Put plainly, don't feel too confident that you're empowering others if they don't feel empowered!

Psychological Empowerment at the Team and Organizational Levels Both research and practice show that the same four elements that empower individuals—meaning, competence, self-determination, and impact—also foster psychological empowerment on teams.[36] Moreover, the benefits to individuals also apply to teams and organizations—higher performance and satisfaction[37] and more positive emotions within the team.[38]

Toyota has successfully empowered teams for decades. In the company's manufacturing facilities, for example, teams are expected to identify and solve problems as they occur and not simply pass them along to management to fix. Employees are also encouraged to make efficiency and quality-improvement suggestions to management. These are typically reviewed by

Simply giving employees more responsibilities or tasks does not mean they will feel empowered. Would you feel empowered if your manager allowed you to clean toilets because you've done such an excellent job of cleaning sinks? © Imagesource/PictureQuest RF

FIGURE 12.7 INPUTS AND OUTCOMES OF PSYCHOLOGICAL EMPOWERMENT ACROSS ORGANIZATIONAL LEVELS



SOURCE: Adapted from M. T. Maynard, L. L. Gilson, and J. E. Mathieu, "Empowerment—Fad or Fab? A Multilevel Review of the Past Two Decades of Research," *Journal of Management* 20, 2012, 1–51.

management, but the problems are often assigned to employee teams charged with identifying and implementing solutions. Toyota's practices have been so effective that they have been adopted by not only other auto companies, but also manufacturers in many other industries the world over.

Since we've explored different forms of empowerment and its various degrees and levels, let's conclude this section with a discussion of how to increase or develop empowerment in individuals, teams, and organizations.

How to Empower Individuals, Teams, and Organizations

Empowering others is not simple, but what makes it easier is that the same levers operate across all levels of an organization. Figure 12.7 illustrates some key inputs to empowering others and their resulting outcomes. Notice how many are also elements in the Organizing Framework.

Empowerment Inputs Structural empowerment is an input to psychological empowerment. This makes sense because job characteristics, policies, and practices can either facilitate or impede feelings of empowerment for individuals and teams. In one case, hospital policies and practices were changed (structural empowerment) that helped nurse leaders find greater meaning in their jobs and provided more participative decision making and less bureaucracy. These changes in turn increased the nurses' feelings of psychological empowerment and their actual empowering behaviors.[39]

Similarly, the extent to which employees have positive self-evaluations, such as core self-evaluations and positive psychological capital, likely enhances their sense of empowerment. Your knowledge of motivation also is helpful in understanding and fostering empowerment across levels of the Organizing Framework. Specifically, job characteristics that generate intrinsic motivational states (sense of meaningfulness and responsibility) clearly can help, as can leadership. Finally, if teams have access to resources such as the people and ideas in other teams, then they too are more likely to be empowered.

Empowerment Outputs Like many of the topics covered in this book, empowerment is valuable because it positively influences performance for individuals, teams, and organizations. Past and current research consistently show this. But the benefits extend beyond performance and also include citizenship behaviors, job satisfaction, turnover intentions, and creativity. Empowerment also reduces stress for individuals and teams.[40]

To help your empowerment efforts, we turn our attention in the next section to particular tools for influencing others. Before moving on, apply your new knowledge in the following Problem-Solving Application.

Problem-Solving Application

Empowering a Team of Your Peers[41]

Jennifer was a highly regarded and top-performing marketing associate at an international pharmaceutical company. Due to her exceptional performance and other skills and abilities, she was promoted to manager. This transition meant she was now the supervisor of her former peers.

Her first assignment was a new product to be launched in a foreign market. To formulate and ultimately execute a successful product launch, Jennifer and her team would need to gather market data, learn and share information about the competition, analyze financial details, coordinate with other product managers, hire and work with an advertising agency, and secure regulatory approval.

Jennifer had personal experience and success doing most of these things, but now she had to do them on a much larger scale and in the context of a team she managed. Being a high performer, she was determined to get all the details right. Therefore, when any element was late, done poorly, or just not up to her expectations, she stepped in and did it herself. Her work life quickly expanded to 15-hour days and weekends.

Jennifer's involvement in so many aspects of the product launch prevented her from mentoring and developing her team members in the ways they clearly needed. They seemed to lack a sense of accountability, knowing that if their work wasn't up to speed the boss would step in and complete or correct it. Jennifer noticed this and feared her team was not learning to produce high-quality work on its own. Not only would this hurt the current project, but other departments and teams would come to know it and be less willing to work with them in the future, damaging Jennifer's own performance and interests and those of her team.

Jennifer was extremely reluctant to go to her boss for help, because she had been told she'd earned her new position, and it was a test for another role with still greater responsibility.

Assuming you are Jennifer, what would you do?

Apply the 3-Step Problem Solving Approach

Step 1: Define the problem in the case.

Step 2: Identify the potential causes.

Step 3: Recommend what you would do if you were Jennifer.

12.3 EFFECTIVELY INFLUENCING OTHERS

MAJOR QUESTION

How do influence tactics affect my personal effectiveness?

THE BIGGER PICTURE

How do you get others to do as you wish? Do you attempt to dazzle them with your knowledge and logical arguments? Or do you prefer a less direct approach, such as promising to return the favor? Whatever approach you use, the crux of the issue is social influence. Many of our interpersonal interactions are attempts to influence others, including parents, bosses, coworkers, professors, friends, spouses, and children. Let's start sharpening your influence skills by exploring influence tactics and their effective and ethical application.

In a perfect world, individual and collective interests would be closely aligned and everyone would move forward as one. But the world isn't perfect. Instead we often find a rather messy situation in which self-interests override the collective mission of the department or organization. Personal and hidden agendas are pursued, political coalitions are formed, false impressions are made, and people end up working against rather than with each other. Managers, and you, need to guide diverse individuals, all with their own interests, to pursue common objectives. At stake in this tug-of-war between individual and collective interests is effectiveness at the personal, group, and organizational levels. Your tools for managing such challenges are *influence tactics*.

Common Influence Tactics

Influence tactics **are conscious efforts to affect and change behaviors in others.** The nine most common ways people try to get their bosses, coworkers, and subordinates to do what they want are listed in Table 12.1, beginning with the most frequently used.

TABLE 12.1 9 COMMON INFLUENCE TACTICS

Influence Tactic	Description
1. Rational persuasion	Trying to convince someone with reason, logic, or facts.
2. Inspirational appeals	Trying to build enthusiasm by appealing to others' emotions, ideals, or values.
3. Consultation	Getting others to participate in planning, making decisions, and changes.
4. Ingratiation	Getting someone in a good mood prior to making a request. Being friendly and helpful and using praise, flattery, or humor. A particular form of ingratiation is "brownnosing."
5. Personal appeals	Referring to friendship and loyalty when making a request.
6. Exchange	Making explicit or implied promises and trading favors.
7. Coalition tactics	Getting others to support your efforts to persuade someone.
8. Pressure	Demanding compliance or using intimidation or threats.
9. Legitimating tactics	Basing a request on authority or right, organizational rules or policies, or explicit/implied support from superiors.

SOURCE: C. Plouffe, W. Bolander, J. Cote, and B. Hochstein, "Does the Customer Matter Most? Exploring Strategic Frontline Employees' Influence of Customers, the Internal Business Team, and External Business Partners," *Journal of Marketing,* January 2016, 106–123.

In mid-2015 Taylor Swift asserted her immense power and influence and successfully changed one of Apple's policies. Before the launch of Apple Music, the company said it intended not to compensate musicians for their music used during the free trial of its new subscription service. Swift, who often speaks on behalf of other musicians, threatened to withhold her new album from Apple, now the largest single retailer of music. She said, "We don't ask for free iPhones. Please don't ask us to provide you with our music for no compensation." Apple quickly changed its policy and compensated musicians for the use of their work during the free trial and since. Which tactics (and bases of power) did Swift use to influence Apple?

These are considered *generic* influence tactics because they characterize social influence as we use it in all directions. Research has also shown this ranking to be fairly consistent regardless of whether the direction of influence is downward, upward, or lateral.

Hard vs. Soft Tactics Some refer to the first five influence tactics—rational persuasion, inspirational appeals, consultation, ingratiation, and personal appeals—as ***"soft" tactics*** **because they are friendlier than, and not as coercive as, the last four tactics**—exchange, coalition, pressure, and legitimating tactics, which are ***"hard" tactics*** **because they exert more overt pressure.**

Which Do I Use Most? Least? When you read the list of tactics, each probably meant something to you. Which do you most commonly use? Knowing the answer can help you better choose the appropriate tactic for any given situation and thus increase the chance of achieving your desired outcome. The next step to realizing these benefits is to complete Self-Assessment 12.2.

connect SELF-ASSESSMENT 12.2

Which Influence Tactics Do I Use?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 12.2 in Connect.

1. Is your rational persuasion score the highest? Regardless, give some specific examples of ways you use this tactic.
2. Which tactic is your least preferred (lowest score)? Provide examples of situations of when and how you may use this tactic.

Match Tactics to Influence Outcomes

Research and practice provide some useful lessons about the relative effectiveness of influence tactics.

- **Rely on the core.** *Core influence tactics*—rational persuasion, consultation, collaboration, and inspirational appeals—are most effective at building commitment.

Do not rely on pressure and coalition tactics. In one study, managers who were not very effective at using downward influence relied most heavily on inspiration (an effective tactic), ingratiation (a moderately effective tactic), and pressure (an ineffective tactic).

- **Be believable and trustworthy.** Credible people tend to be the most persuasive.
- **Consult rather than legitimate.** Some employees are more apt to accept change when managers rely on a consultative strategy and are more likely to resist change when managers use a legitimating tactic.
- **Expect little from schmoozing.** Ingratiation improved short-term sales goal achievement but reduced it in the long term in a study of salespeople. Schmoozing can help today's sales but not tomorrow's.
- **Be subtle.** Subtle flattery and agreement with the other person's opinion (both forms of ingratiation) were shown to increase the likelihood that executives would win recommendation to sit on boards of directors.
- **Learn to influence.** Research with corporate managers of a supermarket chain showed that influence tactics can be taught and learned. Managers who received 360-degree feedback on two occasions regarding their influence tactics showed an increased use of core influence tactics.

These insights are helpful, but what is the bottom line? There is no one best influence tactic. Customers may respond more favorably to one tactic while internal team members and external business partners are influenced by another.[42] You'll need to understand *and* effectively apply a range of influence tactics to be effective. But thankfully, you can learn and improve influence tactics to move resisters to compliance and move those who are compliant to commitment. Put this to the test with the Take-Away Application.

TAKE-AWAY APPLICATION

Using Influence Tactics to Achieve My Goals

1. Think of a goal at school, work, or socially. Be sure this goal also requires somebody else's help for you to achieve.
2. Decide whether you need this person's compliance or commitment.
3. Then, selecting whichever tactic is your highest in Self-Assessment 12.2, describe specifically how you can use it to achieve your goal. Does this tactic match the desired outcome (compliance or commitment)?
4. Identify a second tactic that can help you achieve this goal, and then describe specifically how you can apply it. Be sure the tactic you choose now matches your desired outcome (compliance or commitment).

Influence in Virtual Teams

Work is increasingly done from a distance and mediated by technology, so it's worth knowing which influence tactics are used most in virtual teams and how. Researchers have found the following were the most common (in order of use): pressure, legitimating, rational persuasion, consultation, and personal appeals. These tactics obviously overlap with those used in face-to-face interactions, but putting the word *urgent* in the subject line of an e-mail or typing the entire (short) message there provides a quick jolt of pressure, as does marking a message as high priority. Highlighting text also is another way of focusing attention and asserting pressure.

Reducing ambiguity emerged as a unique influence tactic in virtual teams. Virtual team members do three things to reduce ambiguity:[43]

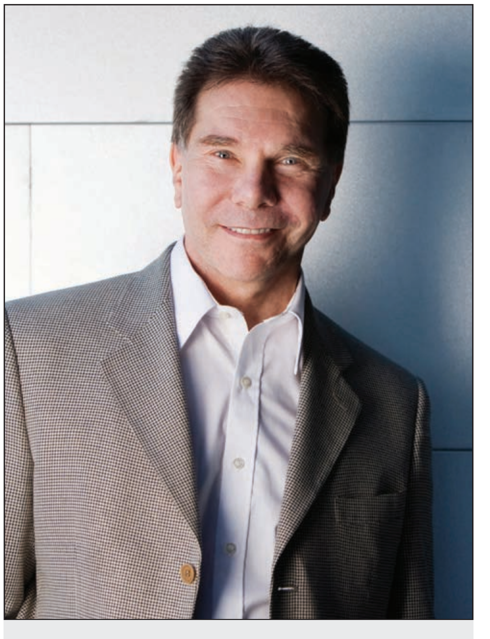
1. ***Share information.*** Of course we share information face-to-face as well, but in virtual teams, sharing ensures that members have the information necessary to complete their work or fulfill a request. This differs from rational persuasion since it is not meant to persuade someone to act,[44] but instead it helps overcome the lack of nonverbal and other cues in face-to-face interactions that communicate useful information.
2. ***Create accountability.*** Accountability is often more explicit in virtual interactions because a written record is created. It can both clarify and confirm performance expectations (deliverables and timelines).
3. ***Provide examples.*** Attachments and screen sharing are common ways in which virtual team members share examples. Again, examples are not a form of rational persuasion intended to convince a team member of a particular position, but they instead are a means for clarifying intended messages and providing guidance.

Let's not forget emoticons. They convey friendliness or soften an otherwise stern text or e-mail message. You can further enhance your ability to persuade others by understanding and applying the six principles of persuasion. Let's explore these now.

Six Principles of Persuasion

Experiments by Robert Cialdini and others have identified six principles for influencing people.[45] They are based on the idea that people have fundamental responses, and if your efforts align with these responses, your influence increases. Learn the following and see what you think.

1. *Liking.* People tend to like those who like them. Learning about another person's likes and dislikes through informal conversations builds friendship bonds. So do sincere and timely praise, empathy, and recognition.
2. *Reciprocity.* The belief that both good and bad deeds should be repaid in kind is virtually universal. Managers who act unethically and treat employees with contempt can expect the same in return, and their employees are likely to treat each other and their customers unethically and with contempt. Managers need to be positive and constructive role models and fair-minded to benefit from the principle of reciprocity.
3. *Social proof.* People tend to follow the lead of those most like themselves. Role models and peer pressure are powerful cultural forces in social settings. Managers are advised to build support for workplace changes by first gaining the enthusiastic support of informal leaders who will influence their peers.
4. *Consistency.* People tend to do what they are personally committed to do. A manager who can elicit a verbal commitment from an employee has taken an important step toward influence and persuasion.
5. *Authority.* People tend to defer to and respect credible experts. Too many managers and professionals take their own expertise for granted, as did one hospital's physical therapy staff that grew frustrated by the lack of follow-through by patients. No matter how much these professionals emphasized the importance of continuing therapy, many patients stopped once they returned home. An investigation of the causes



Robert Cialdini is one of the world's foremost authorities on influence. His principles are based in research and proven in practice. You too can benefit from the application of these principles in every arena of your life—school, work, and socially.
SOURCE: Dr. Robert Cialedini

revealed that patients were unaware of the professional/clinical qualifications of their therapists. Once they were informed, and diplomas and certifications were hung on the walls in the clinic, patient compliance increased a remarkable 34 percent![46]

6. *Scarcity.* People want items, information, and opportunities that have limited availability. Special opportunities and privileged information are influence-builders for managers.

Cialdini recommends using these six principles in combination, rather than separately, for maximum impact. Because there are ethical implications to using your influence, your goals need to be worthy and your actions need to be sincere and genuine.

Apply Your Knowledge

We conclude this section by giving you an opportunity to apply your knowledge in a familiar scenario and recognize that effective influence starts with a plan. Follow these steps to create your own influence plan.

Step 1: Set a goal and get a clear idea of what you want to achieve.

Step 2: Identify the person or persons who can help you achieve that goal.

Step 3: Decide what type of influence outcome—compliance or commitment—you want or need from the person(s) identified in Step 2.

Step 4: Decide which bases of power and tactics are most appropriate for the influence outcome you desire. (Be realistic about which are available to you.)

Step 5: Explicitly describe how you will apply the bases of power and tactics you chose.

Now apply this approach to the following scenario. Assume you want to get a job at Salesforce, a leader in cloud-based customer relationship management services and No. 23 on *Fortune's* 2016 Best Companies to Work For.[47] Ideally, you'd get a job in the product development group. This is your goal.

To do this, you'll want to learn more about the organization and its decision makers. Fortunately, you learn that two years ago Salesforce hired Elizabeth, who went to your school. You plan to contact her on LinkedIn in the hope that she will share her experiences and put you in touch with the hiring manager in product development.

You do not need Elizabeth's enthusiastic *commitment* to your employment efforts, since she doesn't even know you. But what you would like is her *compliance* with your request for more information and an introduction to the product development group manager. She is probably willing to do this, if for no other reason than she is an alumna of your school, and you were very charming in your e-mail and phone communications. Now you need to decide which of the bases of power and influence tactics you have available with Elizabeth, and which of these are most appropriate for gaining her compliance.

TAKE-AWAY APPLICATION

Developing an Influence Plan

1. Which bases of power are most appropriate to gain Elizabeth's compliance?
2. Describe specifically how you would apply the base or bases of power identified in question 1.
3. Which of the nine influence tactics are most appropriate to influence Elizabeth?
4. Describe how you would use each one to achieve your desired outcome.

We hope the practical tools you've gained in this section whetted your appetite for learning more about how you can influence others to affect processes and outcomes in the Organizing Framework and thus increase your personal effectiveness. Let's continue to build your knowledge and skills and focus on political tactics next.

12.4 POLITICAL TACTICS AND HOW TO USE THEM

MAJOR QUESTION

What are the many forms of politics, and how can understanding them make me more effective at school, at work, and socially?

THE BIGGER PICTURE

Politics are not all bad. To make this point, and to increase your effectiveness at school, at work, and socially, we explore this important and interesting topic in terms of causes, tactics, and levels. You'll also learn how to manage politics in your favor. All this will help you better understand and manage this ever-present aspect of organizational life and key group-level process in the Organizing Framework.

Before we learn about organizational politics, let's get a sense of how political you are. This is another one of those personal attributes, similar to trust, about which people often think more highly of themselves than others do. Complete Self-Assessment 12.3 and learn about your own level of politics. This particular self-assessment also taps into ethics and manipulation. It could be telling to have some friends complete this same assessment in terms of *how they see you*!

connect SELF-ASSESSMENT 12.3

How Political Am I?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 12.3 in Connect.

1. Does your score accurately capture your tendencies in organizational politics? Why or why not?
2. Do you think a true organizational politician would complete the assessment honestly? Explain.
3. Given knowledge of your political tendencies, describe how they could both help or hurt you at school, at work, and in your career.

Organizational Politics—The Good and the Bad

When you hear the word *politics,* what comes to mind? The president, a deadlocked Congress, or a conniving boss or coworker? Whatever the case, it is unlikely that a smile comes to your face. Likewise, people typically view organizational politics as consisting of negative or counterproductive behaviors such as manipulation, controlling of information, and undermining. But organizational politics also includes positive behaviors, such as persuading others to accept your point of view and aligning people to efficiently execute strategic objectives.[48] If you understand organizational politics you can realize its upside and avoid or manage the downside.

Organizational politics **are intentional acts in pursuit of self-interests that conflict with organizational interests.** The critical aspect of this definition is the emphasis on *self-interest,* which distinguishes politics from other forms of influence. Managers are endlessly challenged to achieve a workable balance between employees' self-interests and organizational interests. When a proper balance or alignment exists, the pursuit of self-interest may also serve the organization's interests.

When Are Politics Good? There are at least two common situations in which organizational politics are positive. The first occurs when political action helps an organization adapt. An organization's leadership, policies, practices, and/or strategies may be taking the organization in the wrong direction. In such situations, if an individual or coalition operates counter to the organization's stated goals, perhaps because they have more relevant information about the market and competition, this political action will ultimately be positive for the organization.

The second situation occurs when bad actors, such as destructive leaders, create organizational goals and objectives to suit their own interests—their egos or their personal legacies. Political tactics that *counter* these interests are likely to be positive for the organization.[49]

When Are Politics Bad? Organizational politics can negatively affect outcomes across all three levels in the Organizing Framework. At the individual level, politics can increase stress and turnover intentions and reduce job satisfaction, organizational commitment, and organizational citizenship behaviors. Undesirable effects on the group and organizational levels include wasted time and resources, diverted decision-maker attention, and restricted and distorted information flow among decision makers.[50]

Major Causes of Political Behavior

The causes of political behavior also occur at all three levels of the Organizing Framework. For instance, negative emotions and a lack of trust are the strongest individual- and group/team-level causes, and a perceived lack of justice is the strongest organizational-level driver of political behavior.[51] Underlying most of these causes is a more fundamental or root cause—uncertainty.

Uncertainty Triggers Political Actions Unfair performance appraisal procedures and outcomes generate uncertainty about your performance ratings and pay. Lack of trust in a boss or coworker can boost uncertainty about whether he or she will support or undermine you. Research shows that political maneuvering is triggered by five common sources of uncertainty within organizations:

1. Unclear objectives.
2. Vague performance measures.
3. Ill-defined decision processes.
4. Strong individual or group competition.[52]
5. Any type of change.

Performance, Change, and Politics Closely related to the second item of the above list—vague performance measures—is the significant problem of *unclear performance–reward linkages*. More than 10,000 employees were asked to respond to the statement: "Employees who do a better job get paid more." While 48 percent of the responding managers agreed, only 31 percent of the nonmanagers did.[53] Besides being a sad commentary on performance management and motivation, these results matter because employees tend to resort to "politicking" when they are unsure about what it takes to get ahead.

Related to the fifth factor—any type of change—an organization development specialist noted, "Whenever we attempt to change, the political subsystem becomes active. Vested interests are almost always at stake and the distribution of power is challenged."[54]

Frequently Used Political Tactics

Anyone who has worked in an organization has firsthand knowledge of blatant politicking. Although there are many different ways to describe and categorize political tactics, Table 12.2 shows some of the most commonly used political tactics and a description of each.

You may view some of the tactics in the table very favorably, such as building a network of useful contacts. In fact, many management experts and career counselors agree that it is wise to build, maintain, and use networks both inside and outside your organization.

TABLE 12.2 MOST COMMONLY USED POLITICAL TACTICS

Tactic	Description
1. Building a network of useful contacts	Cultivating a support network both inside and outside the organization
2. Using "key players" to support initiatives	Getting prior support for a decision or issue; building others' commitment via participation
3. Making friends with power brokers	Teaming up with powerful people who can get results
4. Bending the rules to fit the situation	Interpreting or (not) enforcing rules to serve your own interests
5. Using self-promotion	Blowing your own horn, but not doing the same for others' accomplishments
6. Creating a favorable image (also known as *impression management,* discussed next)	Dressing for success; adhering to organizational norms and drawing attention to your successes and influence; taking credit for others' accomplishments
7. Praising others (ingratiation)	Making influential people feel good (brownnosing)
8. Attacking or blaming others	Avoiding or minimizing association with failure; scapegoating; reducing competition for limited resources
9. Using information as a political tool	Withholding or distorting information; obscuring an unfavorable situation by overwhelming superiors with information

SOURCE: Adapted from R. W. Allen, D. L. Madison, L. W. Porter, P. A. Renwick, and B. T. Mayes, "Organizational Politics: Tactics and Characteristics of Its Actors," *California Management Review,* Fall 1979, 77–83.

The World Economic Forum in Davos, Switzerland, has become one of the premier events on the planet for building political influence via networking. Leaders from politics, business, government, and many other arenas meet with the goal of improving the state of the world. Individuals are selling products, services, ideas, and themselves by utilizing many or most of the tactics listed in Table 12.2, such as networking, making friends with influential others, associating with power brokers, making a favorable impression, and praising others.[55]

© Jason Alden/Bloomberg/Getty Images

This is a positive use of politics. However, let's explore another common and not-so-positive political tactic—blaming others.

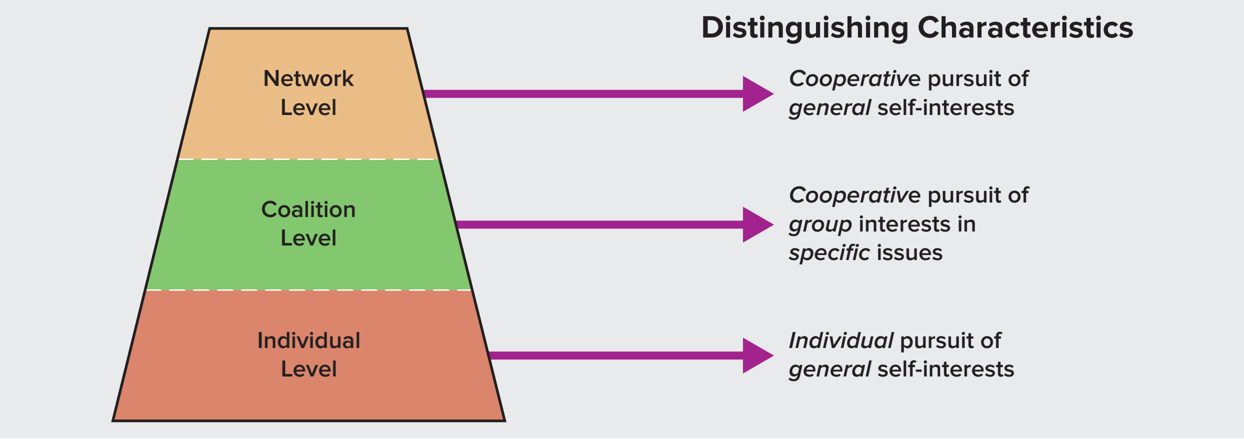
Blame and Politics

You may have noticed that politicking often occurs when things don't work out, that is, in situations of underperformance. People often look to assign blame, in part, to help preserve their influence with others. Research in the United States showed that 70 percent of employees tend to assign blame for failures in one of three ways:

1. Blame others
2. Blame self
3. Deny blame[56]

Blaming ourselves can be useful in some situations. Consider serial entrepreneurs who may fail in one venture yet go on to start another. Recent research suggests it is critical for them to accurately identify the appropriate reason for their business failures, such as industry conditions or personal strategy or leadership. If they mistakenly attributed blame to the industry, they are likely to start their next venture in a different industry but repeat the same personal errors (strategy or leadership) and fail again. In contrast, if blaming the industry is correct, then they are likely to start their next venture in the same industry and use what they learned from failure.[57] Therefore, assigning blame

FIGURE 12.8 LEVELS OF POLITICAL ACTION IN ORGANIZATIONS



correctly is important not only to preserve your influence, but also to help guide your future behavior.

Three Levels of Political Action

Figure 12.8 illustrates three levels of political action: the individual level, the coalition level, and the network level.[58] Each level has its distinguishing characteristics. At the individual level, we pursue our self-interests. The political aspects of coalitions and networks are not so obvious, however, and thus require a bit of explanation.

Coalition-Level Politics **A *coalition* is an informal group bound together by the *active* pursuit of a *single* issue.** Coalitions may or may not coincide with formal group membership. When the coalition's target issue has been resolved (when a sexually harassing supervisor is fired, for example), the coalition disbands. Political coalitions have "fuzzy boundaries," meaning they are fluid in membership, flexible in structure, and temporary in duration.[59] Coalitions are a potent political force within and between organizations.

A coalition of nine major companies, including Johnson & Johnson, Procter & Gamble, Starbucks, and Walmart, has promised to set long-term goals of powering their operations entirely with renewable energy. Procter & Gamble, the global leader in consumer products, set a goal to convert to 30 percent renewable energy by 2020, which contrasts with 7 percent today. The members' motives are to save money by reducing their use of energy derived from fossil fuels, and to respond to pressure from customers and the changing expectations of younger generations.[60]

Network-Level Politics Unlike coalitions, which pivot on specific issues, networks are loose associations of individuals seeking social support for their general self-interests. Politically, *networks are people-oriented, while coalitions are issue-oriented.* Networks have broader and longer-term agendas than do coalitions. For instance, many former Goldman Sachs executives (Hank Paulson, Stephen Friedman, Josh Bolten, and Robert Rubin) went on to high-level government jobs. Many people have alleged that this large and powerful network has protected the interests of Wall Street firms generally and those of Goldman Sachs in particular.[61]

Before moving on, remember that you need to match political activity to the appropriate level to meet your objectives. No particular level is good or bad, rather it is how

The "ice bucket challenge" was a sensation in the late summer of 2014. Besides boosting financial donations to research for ALS nearly fourfold, it also was an excellent example of political tactics and levels of political action. For instance, many celebrities were challenged to participate, which brought attention to the cause and demonstrated the power of influential others (political tactic No. 2 in Table 12.2). And because so many people joined to support a common cause (ALS), it also illustrated coalition-level political action.

effectively they assist in meeting your goals. Now let's explore directly how to use politics to your benefit.

Using Politics to Your Advantage

We close this section by highlighting the point that people's *perceptions* of politics matter, not just actual acts of politics.[62] For instance, studies including more than 25,000 employees showed that as employees' perceptions of the level of politics increased, their job satisfaction and organizational commitment decreased, while their job stress and intentions to quit increased.[63]

Do these results suggest that managers should attempt to stop people from being political? Good luck. Organizational politics cannot be eliminated. A manager would be naïve to believe this is possible. But political maneuvering can and should be managed to keep it constructive and within reasonable bounds. One expert put it this way: "People can focus their attention on only so many things. The more it lands on politics, the less energy—emotional and intellectual—is available to attend to the problems that fall under the heading of real work."[64]

Not Too Much and Not Too Little An individual's degree of political engagement is a matter of personal values, ethics, and temperament. People who are either strictly nonpolitical or highly political generally pay a price for their behavior. The former may experience slow promotions and feel left out, while the latter may run the risk of being called self-serving and lose credibility. People at both ends of the political spectrum may be considered poor team players.

A moderate amount of prudent political behavior is generally considered a survival tool in complex organizations. Experts remind us that "political behavior has earned a bad name only because of its association with politicians. On its own, the use of power and other resources to obtain your objectives is not inherently unethical. It all depends on what the preferred objectives are."[65] What are your thoughts?

How to Build Support for Your Ideas Our discussion of politics might leave you asking, "What should I do? How do I avoid the bad and take advantage of the good?" Here are eight recommendations backed by research and practice:

1. Create a simple slogan that captures your idea.
2. Get your idea on the agenda. Describe how it addresses an important need or objective and look for ways to make it a priority.
3. Score small wins early and broadcast them widely. Results build momentum and make it easier for other people to commit.
4. Form alliances with people who have the power to decide, fund, and implement.
5. Persist and continue to build support. Persuading others is a process, not an event.
6. Respond and adjust. Be flexible and accepting of other people's input; the more names supporting your idea, the more likely you are to succeed.
7. Lock it in. Anchor the idea into the organization through budgets, job descriptions, incentives, and other operating procedures.
8. Secure and allocate credit. You don't want your idea to be hijacked, nor do you want to blow your own horn. You need others to sing your praises to ensure you get the credit you deserve.[66]

TAKE-AWAY APPLICATION

Building Support for My Ideas

1. Make politics work for you and select an idea—something you would like to change, a new program, a new policy or practice—for an organization to which you belong.
2. Work through and apply as many of the eight recommendations in the list above as are relevant. (Don't be too quick to skip any particular recommendation; give each some thought.)
3. Execute your plan. Regardless of the level of success, compare what you actually did with what you planned to do. (How many of the eight recommendations did you actually use?)
4. If you're happy with the outcome, you've seen the positive power of politics. If you were less than pleased with the results, revise your plan and implement it again, being sure to follow it.

12.5 IMPRESSION MANAGEMENT

MAJOR QUESTION

Do I seek only to impress, or to make a good impression?

THE BIGGER PICTURE

We all want to look good in the eyes of others, and to do this we often engage in impression management. Like the other topics discussed in this chapter, impression management consists of techniques for influencing others in all arenas of life. To help you manage your own impressions, we define impression management and discuss what it means to make good and bad impressions, as well as how to remedy bad impressions and make effective apologies. You will see how practical knowledge in this area helps boost your effectiveness across levels of outcomes in the Organizing Framework.

We pursue the basic human desire to impress others not only because it makes us feel good about ourselves, but also because others can often provide what we desire, such as a job, a good grade, or a date. Many of our attempts to influence others in such ways are "impression management."

What Is Impression Management?

Impression management **is any attempt to control or manipulate the images related to a person, organization, or idea.**[67] It encompasses speech, behavior, and appearance and can be aimed at anyone—parents, teachers, peers, employees, and customers are all fair game. For instance, by positioning themselves as socially responsible, companies can create positive impressions with many stakeholders, such as potential customers, and in turn boost sales.[68] Let's dive into good and bad impressions in more detail.

Good Impressions

Research conducted in the context of job interviews shows that impressions are formed very quickly and often subtly. Interviewers gather information about job candidates based on their handshake, smile, and manner of dress. All this information is communicated before any questions have been asked. These same factors were also related to ultimate job offers.[69]

How to Make a Killer First Impression You've undoubtedly heard the saying, "You have only one chance to make a good first impression." Some argue that people judge you within one second of meeting you. Researchers tested this belief and found that after viewing only a microsecond of a video of a political candidate, subjects predicted with 70 percent accuracy who would win an election. Table 12.3 provides recommendations to help you overcome the pressure and ensure that people's snap judgments of you are favorable.

TABLE 12.3 HOW TO MAKE A KILLER FIRST IMPRESSION

Action	Description
Set goals	When you're preparing for an event (a meeting, social event, or conference), think of whom you'd like to meet and what you'd like to achieve from that introduction. Then plan your energy, introduction, and comments accordingly.
Consider your ornaments	We're not talking about Christmas trees or party favors, but instead about your jewelry, makeup, and clothes. This advice is for both men and women. Many people will draw conclusions from the type of watch you wear and how well it aligns with your clothes (sporty, gaudy, trendy). Makeup and jewelry are judged similarly. Be sure they match your personality and your intended message.
Remember your body speaks	We've all heard that body language makes a difference, so pay attention to nonverbals. Find a way to video yourself in a social setting. Use this evidence to help you manage your body language habits in the future.
Bust bad moods and bad days	If you're in a bad mood before an important event, find a way to snap out of it—play some of your favorite music, work out, go shopping—or reschedule (or stay home). People will pick up on your mood, and you don't want your body language to convey: "Hello, my name is Bad Mood Bob."
Be interested to be interesting	The best way to appear interesting is *to appear interested.* People tend to like people who like them; at least this is a good place to start. Rather than blather on about yourself, an excellent way to show interest is to ask questions about the other person. You may be able to do research ahead of time about the person or persons you'll meet, and then make it part of your goal to ask them about what you learned.

SOURCE: Adapted from V. Van Petten, "5 Ways to Make a Killer First Impression," *Forbes,* November 2, 2011, http://www.forbes.com/sites/yec/2011/11/02/5-ways-to-make-a-killer-first-impression/.

Apply these five recommendations in the Take-Away Application to boost your effectiveness.

Reciprocity and Impression Management Recall our discussion of reciprocity earlier in this chapter ("Six Principles of Persuasion") and the benefits of giving in order to

TAKE-AWAY APPLICATION

Making a Positive First Impression

1. Which of the five rules for making a first impression do you most often overlook? Which one do you think you could gain the most from?
2. Think of somebody you'd like to positively impress, and assume you'll be able to meet this person next week at a networking event.
3. Describe your intention or goal for the introduction.
4. Describe how you can appear interested. What questions might you ask?
5. Now, assume that the day of the networking event arrives and you're in a bad mood. Describe two things you could do to break out of this mood and prepare yourself for the event.

receive. Research tells us that when a CEO makes positive comments about another executive and the other executive's company, Wall Street analysts give more favorable reports of both the CEO and the company even when they come up short of earnings forecasts.[70] Put another way, saying something positive in the media means Wall Street analysts are likely to be more forgiving if your performance is low. This is obviously a powerful form of influence—one that really pays. The following OB in Action box illustrates how the entire venture capital industry has changed its attitudes and behaviors related to impression management.

OB in Action

Impression Management, Venture Capital Style[71]

Self-promotion by venture capitalists (VCs) was frowned upon until about 2009. Those who used it were criticized and called "parade jumpers." But since 2009, VC firms old and new (such as Bessemer Venture Partners and Founders Fund, respectively) have actively engaged in impression management with investors, the media, and other VC firms. Today some of the founders and lead rainmakers in VC firms are celebrities with publicity, status, and influence to match their often immense wealth. Below are two of the reasons VC firms across the industry now pursue impression management with enthusiasm.

Marc Andreessen (left) and Ben Horowitz (right) entered the venture capital industry with a bang. They embraced self-promotion and other impression management techniques and achieved greater growth than any other VC. Their tactics and performance also garnered great status and influence. They are now seen as the most desirable source of financing for entrepreneurs in San Francisco and New York. © AP Photo/Paul Sakuma

- *Knocking on doors.* Increased competition has motivated VCs to reach out to investors and entrepreneurs and differentiate themselves, in contrast to the recent past when investors and entrepreneurs needed an inside connection to get a meeting with a VC firm.
- *Self-promotion.* Andreessen & Horowitz, a VC firm started by the founder and an executive of Netscape (one of the first web companies), entered the market in 2009 with a completely different approach. Marc Andreessen and Ben Horowitz courted entrepreneurs, used social media (blogs and Twitter), and marketed themselves aggressively. Their approach was motivated by the belief that "each year 15 deals account for 97 percent of all venture capital profits. To be successful, they would have to pursue those 15 companies. And they would do it by aggressively marketing their expertise to the reporters and bloggers who follow start-ups." To execute this strategy they didn't just hire a PR firm; they made the PR firm's founder (Margit Wennmacher) a partner in Andreesen & Horowitz and quickly became the fastest-growing VC firm in the industry.

YOUR THOUGHTS?

1. What are your thoughts about aggressively managing the impressions of investors and customers, as Andreessen & Horowitz and other VC firms have done?
2. Think of your current employer, or a past one. With whom and how could the organization use impression management to improve or grow its business?
3. What ethical standards would you apply to impression management? Why?

Favorable Upward Impression Management Tactics On a positive note, both research and practice have revealed three categories of favorable upward impression management techniques:[72]

1. *Job-focused*—tactics that present information about your job performance in a favorable light.
2. *Supervisor-focused*—praise and favors for your supervisor.
3. *Self-focused*—an image of yourself as a polite and nice person.

Recent work highlights two additional ways of impressing your boss. The first is to associate yourself with so-called stars, those on the fast track who already have the attention of management. The second is to work on key projects that need help or refinement. In both instances, managers have more positive emotions about the employee and perceived him or her as more promotable.[73]

What are your own tendencies for using favorable impression management? Self-Assessment 12.4 will help you understand the types of impression management—job-, supervisor-, and self-focused—you use in work settings.

connect SELF-ASSESSMENT 12.4

Your Impression Management—How and Who

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 12.4 in Connect.

1. Are you better suited for "Hollywood," or are you better described as safe or a free agent?
2. What are the benefits of your impression management tendencies?
3. What are the drawbacks?
4. Look at all the items in the assessment and select the two that could be most useful to you. Describe specifically how you could use them.
5. What about ethical considerations? Which items potentially raise ethical flags for you? Why and why not?

Let's be clear: a moderate amount of upward impression management is a necessity today, but not all forms are effective and none are effective all the time. For example, ingratiation can slightly improve your performance appraisal results and make your boss like you significantly more.[74] Engage in too little impression management and busy managers are liable to overlook some of your valuable contributions when they make job assignment, pay, and promotion decisions. But do too much and you run the risk of being branded a "schmoozer," a "phony," and other unflattering things by your coworkers.[75] Consider, for instance, that the application of noticeable flattery and ingratiation can backfire by embarrassing the target person and damaging your credibility.[76]

Impression Management and Job Interviews

Job interviews probably epitomize our experiences of impression management. In few other instances in life are we more determined to make a good impression. Researchers provide a number of insights.

Deception Detection Many people are deceptive in interviews, and interviewers' abilities to detect such tactics vary greatly. One study found that experienced interviewers were no better at detecting deception than novices.[77]

Ethics aside, bending the truth in an interview can cause an organization to hire the wrong person for the job. Deception that leads to bad hires can be very costly. Organizations are wise to train their interviewers to identify the common impression management tactics used in interviews, such as self-promotion, image repair, image protection, and image creation. This is the first step in making them aware of the deceptive techniques candidates often use.[78]

It is safe to assume that in most interviews each party is trying to make themselves look as good as possible in the eyes of the other. This often leads one or both sides to engage in various forms or degrees of deception. The inability to detect such efforts can have undesirable consequences for one or both parties. How effective are your deception detection skills? If you think yours are good, then research suggests you shouldn't be so confident.

Other research shows that both interviewers and coworkers are especially poor at knowing whether a candidate is honest and humble, qualities increasingly valued in the workplace. Employees lacking these characteristics are known to engage in more counterproductive work behaviors and have lower performance.[79] Of course, we encourage you to be ethical, present your true self, and use the other knowledge in this chapter (and book) to be more influential and impress interviewers.

Interviewers' Attempts to Impress You There's another angle on the story—interviewers are trying to impress interviewees. Especially in tight labor markets, employers compete intensely for top talent. This means they must impress candidates in order to attract and hire the best, representing the organization favorably with a broad range of tactics, including:

- Verbal—what they say and how they say it.
- Nonverbal—laughing, smiling, leaning in.
- Artifactual—dress, appearance of interview venue, visual and promotional items.
- Administrative—timing of communication, confirmation that application was received, feedback, and follow-up.[80]

How to Create Bad Impressions

Some people actually try to make a bad impression. But because they are rare, we instead focus on the common and sometimes unwitting ways you can make a bad impression at work and how to avoid them:

- *Doing only the minimum.* Many employees aren't aware that not making the often simple effort to fulfill a coworker's request can be costly. Going the extra mile to check the status of a report, for instance, can quickly convey a strong positive impression.
- *Having a negative mind-set.* Most of us think we're positive spirits all the time, but others may see us differently. When presented with a new initiative, for instance, do you immediately point out the potential pitfalls or complain? If so, others may see you as negative. Managers prefer people who are supportive, not necessarily "yes men and women," but those who are constructive rather than eternal naysayers.
- *Overcommitting.* Initiative is often good, but biting off more than you can chew means you might choke. Failing to deliver on-time or high-quality work is a sure

way to make a bad impression. Prioritize and deliver, which requires saying no sometimes.

- *Taking no initiative.* The opposite of overcommitting—failing to take action when something needs to get done—can also make you look bad. If coworkers (including your boss) frequently come to you with the same questions or challenges, step up and try to proactively resolve the issue.
- *Waiting until the last minute to deliver bad news.* Of course you shouldn't report to your boss about every little hiccup in your work. But don't wait until just before a deadline to say you are having difficulties. This puts your boss in a bad spot too. Be smart; put yourself in the other person's shoes and consider whether and when you would want to know the information you have.[81]

Ethics and Impression Management

It's one thing to cast yourself in the best possible light, but it is quite another to lie. Therefore, the ethics of impression management focuses on the gray area in between. One way to help decide whether your favorable light is "too bright" (has gone too far) is to imagine that you have to explain what you said or did on the evening news. Would you be comfortable with portraying that same impression to the entire community? Would people that know you well, friends or coworkers (past and present), agree? Asking and answering these two questions can help you navigate the ethics of impression management. Research also provides some guidance and interesting details to consider.

A study of more than 600 companies surpassing $100 million in revenues showed that unfavorable analyst comments prompted the CEOs to say their companies do have policies and practices that are in shareholders' best interests. Related research showed that CEOs also routinely said their own compensation plan was aligned with shareholder interests, although in both instances they regularly misrepresented the issues.[82] For example, their companies often made job and R&D cuts that undermined the long-term health of the company (counter to shareholder interests), and their personal compensation often increased even when the share price of their company plummeted.

Consider this story of impression management from a large bank:

> **EXAMPLE** After 7 pm, people would open the door to their office, drape a spare jacket on the back of their chair, lay a set of glasses down on some reading material on their desk—and then go home for the night. The point of this elaborate gesture was to create the illusion that they were just out grabbing dinner and would be returning to burn the midnight oil.[83]

No one is always right. Sometimes an apology is necessary to save, repair, or even enhance the impressions other have of you. Let's look at how this is best done.

Apologies

One way to remedy or at least reduce the impact of bad impressions, negative uses of power, or poor performance is an apology. Apologies are a form of trust repair in which we acknowledge an offense and usually offer to make amends. It is a widely held norm in US and other cultures (such as in Japan) to apologize when our action, or lack of action, causes harm to another, intentionally or not. And while harm can be perceived or actual, it is always real to those harmed. Apologies are effective to the extent they restore trust and positively affect your ability to influence the offended party in the future.[84] Table 12.4 describes the primary reasons leaders should apologize to others along with their associated motives.

June 2015 was the month of apologies from executives of some of Japan's largest companies. Among them were Shigehisa Takada, the CEO of Takata, the maker of defective airbags responsible for the recall of over 60 million vehicles worldwide. Electronics giant Toshiba overstated profits by more than a billion dollars over a number of years. Its CEO, Hisai Tanaka, resigned along with a number of board members. An especially deep and public bow is a sign of apology in the Japanese culture.[85] (left): © Aflo Co. Ltd./Alamy; (right): © epa european pressphoto agency b.v./Alamy

Table 12.4 can be helpful for non-leaders too. Whether the apology is from a leader or not, to be effective it should have four characteristics:

1. Acknowledgment of wrongdoing.
2. Acceptance of responsibility.
3. Expression of regret.
4. Promise that the offense will not be repeated.[86]

It also is helpful to consider that a failure to apologize, or to do so in a timely manner, can turn a bad situation worse and damage how others see you.[87]

You are now far better equipped to influence people in many arenas of life. We close this chapter with a reminder: You don't need to have a fancy title or corner office to have power. You typically have more power than you think. We encourage you to be more purposeful and accurate in your application of power, empowerment, influence, politics, and impression management. Doing so will dramatically increase your effectiveness across levels of the Organizing Framework. Besides, you'll get your way more often!

TABLE 12.4 REASONS FOR LEADER APOLOGIES AND DESIRED OUTCOMES

Purpose	Motive or Desired Outcome
Individual—Leader offended another.	Encourage followers to forgive and forget.
Institutional—Follower offended another organizational member.	Restore functioning within the group or organization.
Intergroup—Follower offended an external party.	Repair relations with an external group.
Moral—A wrongdoing is genuinely regretted.	Request forgiveness and redemption for regrettable (in)action.

SOURCE: Based on B. Kellerman, "When Should a Leader Apologize—and When Not?" *Harvard Business Review,* April 1, 2006.

What Did I Learn?

You learned that you can increase your effectiveness by applying power, influence, and politics. You learned the bases of power, common influence tactics, the causes of politics, and which forms are most effective in different situations. You also learned that sharing power and empowering others are important means for building your own influence and improving your performance. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Organizing Framework. Finally, challenge your mastery of this chapter by answering the Major Questions in your own words.

Key Points for Understanding Chapter 12

You learned the following key points.

12.1 POWER AND ITS BASIC FORMS

- Power is the discretion and the means to enforce your will over others.
- The five main bases of power are legitimate, reward, coercive, expert, and referent.
- The first three bases are considered forms of position power, and the last two are forms of personal power.
- The bases of power we use often determine whether others will resist, comply, or commit with our wishes.

12.2 POWER SHARING AND EMPOWERMENT

- Empowerment consists of efforts to enhance employee performance, well-being, and positive attitudes.
- Structural empowerment transfers authority and responsibilities from management to employees.
- Power sharing can occur on a continuum from domination to consultation, participation, and finally delegation.
- Psychological empowerment occurs when employees feel a sense of meaning, competence, self-determination, and impact at work.

12.3 EFFECTIVELY INFLUENCING OTHERS

- Influence tactics are conscious efforts to affect and change behaviors in others. The tactics you use often determine how well people respond to your influence attempts.
- The nine common influence tactics are rational persuasion, inspirational appeals, consultation, ingratiation, personal appeals, exchange, coalition tactics, pressure, and legitimating tactics.
- Sharing information, creating accountability, and providing examples are common influence tactics used by virtual teams.
- Six principles of persuasion are liking, reciprocity, social proof, consistency, authority, and scarcity.

12.4 POLITICAL TACTICS AND HOW TO USE THEM

- Organizational politics are intentional acts in pursuit of self-interests that conflict with organizational interests.
- Competition along with uncertainty about objectives, performance measures, decision processes, and change are major causes of political actions.
- Nine common political tactics are networks of useful contacts, key player support, use of powerful friends, altered rules, self-promotion, impression management, praise, blame, and information.
- Political action occurs at three levels—individual, coalition, and network.

12.5 IMPRESSION MANAGEMENT

- Impression management is any attempt to control or manipulate the images related to a person, organization, or idea.
- We can make good first impressions by being interested, focusing on body language, setting goals, and displaying a positive mood and emotions.
- Common ways to make bad impressions are doing only the minimum, having a negative mind-set, overcommitting, taking no initiative, and waiting until the last minute to deliver bad news.
- Impression management is especially important in job interviews. Beware of deception as well as interviewers' attempts to impress you.
- Effective apologies include acknowledgment of wrongdoing, acceptance of responsibility, expression of regret, and promises that the offense will not be repeated.

The Organizing Framework for Chapter 12

As shown in Figure 12.9, you learned practical tools to help you influence others—power, empowerment, influence, politics, and impression management. Collectively, these tools represent important group-level processes. And the way you use these tools often determines whether people resist, comply with, or actually commit to your wishes. You learned how using these tools relates to individual-level outcomes, such as performance, attitudes, well-being, (counter)productive citizenship behaviors, turnover, and career outcomes. Power and influence are also associated with satisfaction, cohesion, and conflict at the group/team level, and with survival, financial performance, customer satisfaction, and reputation at the organizational level. Beyond this, you explored the notion of empowerment and how sharing power with others can increase your own power and influence.

FIGURE 12.9 THE ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Personality
- Skills and abilities
- Values
- Ethics

Situation Factors
- Relationship quality
- Leadership

PROCESSES

Individual Level
- Conflict and negotiation
- Emotions
- Perceptions
- Motivation
- Trust
- Communication
- Psychological empowerment

Group/Team Level
- Group/team dynamics
- Conflict and negotiation
- Decision making
- Power, influence, and politics
- Performance management
- Leadership
- Trust
- Structural empowerment
- Impression management

Organizational Level
- Human resource policies and practices
- Leading and managing change and stress
- Impression management

OUTCOMES

Individual Level
- Task performance
- Work attitudes
- Citizenship behavior/counterproductive behavior
- Turnover
- Career outcomes
- Stress

Group/Team Level
- Group/team performance
- Group satisfaction
- Group cohesion and conflict

Organizational Level
- Accounting/financial performance
- Customer satisfaction
- Reputation

Challenge: Major Questions for Chapter 12

You should now be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 12.9, the chapter itself, and your notes to revisit and answer the following major questions:

1. What are the basic forms of power and how can they help me achieve my desired outcomes?
2. How can sharing power increase my power?
3. How do influence tactics affect my personal effectiveness?
4. What are the many forms of politics, and how can understanding them make me more effective at school, at work, and socially?
5. Do I seek only to impress, or to make a good impression?

IMPLICATIONS FOR ME

This chapter has five practical applications for you. First, be mindful that the power you use affects whether people resist, comply, or actually commit to your wishes. Related and second, use both position and personal power. You'll find that the most influential and successful people you work with, even those with considerable position power, increase their effectiveness by using personal power. Third, develop your referent power. You can use your (social) network to help others, which in turn builds your own power. Share power to increase your own power. If someone you've helped called you today and asked for assistance, would you provide it? Of course you would. This illustrates the power of reciprocity and shows that helping others enhances your own power and influence. Fourth, increase your understanding and expand your use of influence tactics and political tactics (see Table 12.1). Match the tactic to the situation and boost your effectiveness. Fifth, to make more favorable impressions in your professional life, follow the advice in Table 12.3.

IMPLICATIONS FOR MANAGERS

We point you to six very important practical tools. One, do not rely (heavily) on your position power. Use it when you need to, but if you consistently rely on it to get things done you will dramatically undermine your power and influence with others. Two, identify and develop your particular sources of personal power. Even those with substantial position power (like executives) get ahead in the long term by effectively blending it with personal power. Three, use both structural and psychological empowerment to more effectively manage others. When done well, empowerment can supercharge the performance of those you manage and in turn your own. Besides, even if you're a superhero, you can't do everything yourself. Next, share your power to build your power. Five, learn about and apply a larger variety of influence and political tactics. Don't get stuck playing your preferred tactics, such as rational persuasion, again and again across all situations. Choose the right tactic for the situation to build your effectiveness. Finally, don't be afraid to apologize. Willingness to apologize builds your credibility and influence with those you manage.

PROBLEM-SOLVING APPLICATION CASE

Comcast's Influence Went Only So Far

Like many companies in the telecom industry, Comcast has chosen to grow by buying competitors. After acquiring AT&T's Internet business in 2001, the company has remained on the acquisition train ever since. Its largest purchase to date was NBC Universal in 2011 for $18 billion, but its most notable was its thwarted 2015 attempt to buy Time Warner for $45 billion. Despite its impressive power, influence, and politics, Comcast failed to effectively influence stakeholders including customers, employees, regulators, networks, and other content providers. More than 300,000 comments were filed with the Federal Communication Commission (FCC) by customers who opposed the merger. For perspective, the merger between AT&T and T-Mobile drew just over 40,000 comments.[88]

WHY BOTHER IN THE FIRST PLACE?

Comcast is the largest cable provider in the United States despite having the worst customer satisfaction ratings in its industry. It has twice earned the dubious distinction of being the "Worst Company in America," according to Consumer Reports' customer satisfaction arm. Comcast's customer service was so poor as to be considered legendary. And its reputation with various networks and cable channels such as Discovery, Disney, 20th Century Fox, and the NFL Network had been declining for years.[89] These partners are in effect customers, and Comcast has pressured them to pay higher fees to distribute their content through its cables.[90]

Industry trends were affecting Comcast's current performance and its future prospects. Consumers have been cutting the cable and instead accessing their content via streaming alternatives such as Netflix and Amazon Prime. Netflix alone accounts for one-third of all Internet traffic. But apparently believing that being No. 1 was not enough, Comcast's leaders decided that acquiring Time Warner would enable them to better serve existing and new customers, as well as to defend against increasingly diverse competition from Google, Dish Network, and others.[91]

ATTEMPTS TO INFLUENCE THE PLAYERS

Comcast was determined and resourceful in its attempt to make things go its way. A major part of its efforts focused on Washington, D.C., since no merger of that size goes through without regulatory approval. Comcast employs a force of more than 100 lobbyists, and its $17 million annual lobbying budget is second only to Google's.[92] Lobbying efforts were largely intended to influence officials in the FCC and Department of Justice (DOJ), the regulators who would ultimately decide how the merger would affect competition and consumer choice, and who would either block it or allow it to proceed. Members of these government departments were buried in data, wined and dined, and presented with dazzling arguments highlighting the potential benefits of the merger. But Comcast did not stop there. CEO Brian Roberts courted President Obama, golfing with him on Martha's Vineyard. And Comcast Executive Vice President David Cohen hosted three fund-raisers for the president at his home, raising more than $10 million for the Democratic party.[93] Roberts and Cohen presumably thought that associating with key players in the government would win them favor with regulators and members of Congress who might influence the merger and other policies favorable to Comcast.

For its part, the company argued that a merger of the two largest players wouldn't stifle competition but instead allow them to provide more services to more customers. For instance, it currently provides Internet services to low-income and rural residents. Combining with Time Warner, the company claimed, would enable it to serve even more of these customers.[94]

THE OTHER SIDE AND ULTIMATE OUTCOME

Ultimately, the money, the relationships, the lobbyists' arguments, and the pressure failed to work. Its opponents used many of the same bases of power, influence, and political tactics to argue against the merger that Comcast used to promote it, and the company withdrew its bid for Time Warner. It didn't help that Comcast already had such a poor reputation with many of the parties from whom it needed support. It is noteworthy that in mid-2016 Charter Communications successfully acquired Time Warner in a merger worth $79 billion.[95]

Assume you are CEO Roberts, and you want to successfully acquire a large competitor in the future. Drawing on what you learned from the Time Warner experience, what would you do now to improve your chances?

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Use the Organizing Framework in Figure 12.9 and the 3-Step Problem-Solving Approach to help identify inputs, processes, and outcomes relative to this case.

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. In this case you're asked to assume the role of CEO Brian Roberts.

C. Use details in the case to determine the key problem. Don't assume, infer, or create problems that are not included in the case.

D. To refine your choice, ask yourself, *Why is this a problem?* Focus on topics in the current chapter, because we generally select cases that illustrate concepts in the current chapter.

Step 2: Identify causes of the problem by using material from this chapter, which has been summarized in the Organizing Framework for Chapter 12 and is shown in Figure 12.9. Causes will tend to show up in either the Inputs box or the Processes box.

A. Start by looking at the Organizing Framework (Figure 12.9) and decide which person factors, if any, are most likely causes of the defined problem. For each cause, explain why this is a cause of the problem. Asking why multiple times is more likely to lead you to root causes of the problem. For example, do employee characteristics help explain the problem you defined in Step 1?

B. Follow the same process for the situation factors. For each ask yourself, *Why is this a cause?* By asking why multiple times you are likely to arrive at a more complete and accurate list of causes. Again, look to the Organizing Framework for this chapter for guidance.

C. Now consider the Processes box in the Organizing Framework. Are any processes at the individual, group/team, or organizational level potential causes of your defined problem? For any process you consider, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at the root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes you identified in Step 2, what are your best recommendations? Use the material in the current chapter that best suits the cause. Consider the OB in Action and Applying OB boxes, because these contain insights into what others have done that might be especially useful for this case.

B. Be sure to consider the Organizing Framework—both person and situation factors—as well as processes at different levels.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Sharapova, You're Out. But Not Woods, Not Vick, Not Armstrong, Not Bryant, Not . . .

One of the most stunning events of the 2016 Australian Open Tennis Tournament occurred off the court. Maria Sharapova, one of the top women's players for more than a decade and the world's highest-paid female athlete, failed a drug test. Sharapova tested positive for meldonium, an old substance but one banned by the World Anti-Doping Agency just two months earlier. After receiving the news, Sharapova quickly held a press conference, admitted to taking the drug for medical reasons (low magnesium levels), and apologized.[96] Presumably, the reason for doing this was to manage the impression of her and preserve her influence with fans, sponsors, and the regulators of women's tennis.

That said, scandals, particularly revelations of performance-enhancing drug use, are rampant in sports. But what is striking about the Sharapova case is how quickly several high-profile sponsors—Nike, Tag Hauer, and Porsche—announced they had suspended contracts and relationships with the tennis star. This is no small matter, since the bulk of her earnings have come from sponsorships estimated to exceed $200 million over her career.[97] We again can assume that the sponsors made their decisions to manage impressions with their customers. But many see the sponsors' actions as inconsistent or a double standard.

Consider the way some of the same sponsors reacted to other highly publicized scandals in the not so distant past. In many instances, the sponsors stood by the athletes, at least for a period of time. Nike continued to sponsor Lance Armstrong for many years despite repeated allegations of doping during his Tour de France victories. It also stayed the course with Tiger Woods after revelations of his many extramarital affairs, and with Kobe Bryant through allegations of rape. And in 2011 Nike even signed a deal with quarterback Michael Vick *after* he had served time in prison for funding a dog-fighting ring and helping to kill dogs that underperformed.[98] Many sponsors have continued to support FIFA, soccer's governing body, and the International Olympic Committee through scandals of their own.[99]

Supporters of the apparent double standard for Sharapova say the intensity of social media today means companies need to take decisive and immediate action if trouble is brewing. A rumor in the morning can go viral and devastate a company's brand by the afternoon. Others say a quick response provides certain sponsors an out if they feel they are overpaying or wish to renegotiate with an athlete at a lower rate. Some companies actually rate and rank the public's trust of celebrities, including athletes. Sharapova's ranking is almost certain to drop, but before the positive test she was ranked in the top third on such lists, in line with former New York Yankee star Derek Jeter, comedian Seth Myers, and singer Demi Lovato.[100]

Sharapova, 28, certainly has talent and time to recover from a suspension from tennis. And perhaps her sponsors will see their way clear and reinstate their relationships and support, as they have done for other athletes in similar and sometimes worse situations. Time will tell. But the larger issue is what sponsors will do when their celebrity endorsers step outside the lines either on or off the court, field, course, or stage.

Assume you were the decision maker at Nike at the time of Maria Sharapova's positive test and announcement.

What Would You Do?

1. Break ties just like Nike did. Regardless of what happened in the past with other athletes, the company can't afford to be associated with those that break the rules of their sport or the law. Justify this position, and be sure to do so in light of Nike's continuing to sponsor the other athletes noted.
2. Change but don't sever your relationship with Sharapova. Describe how you will modify the relationship, and explain this in light of other sponsors' decisions to suspend their relationships. In other words, you are choosing a different course of action from other sponsors and you need to explain why.
3. Take a completely different course of action. Explain.

13 LEADERSHIP EFFECTIVENESS

What Does It Take to Be Effective?

Major Topics I'll Learn and Questions I Should Be Able to Answer

13.1 Making Sense of Leadership Theories

MAJOR QUESTION: *How does having an integrated model of leadership help me become an effective leader?*

13.2 Trait Theories: Do Leaders Possess Unique Traits and Personal Characteristics?

MAJOR QUESTION: *How can I use trait theories to improve my ability to lead?*

13.3 Behavioral Theories: Which Leader Behaviors Drive Effectiveness?

MAJOR QUESTION: *Do effective leaders behave in similar ways?*

13.4 Contingency Theories: Does the Effectiveness of Leadership Depend on the Situation?

MAJOR QUESTION: *How do I know when to use a specific leader behavior?*

13.5 Transformational Leadership: How Do Leaders Transform Employees' Motives?

MAJOR QUESTION: *How can I use transformational leadership when working with others?*

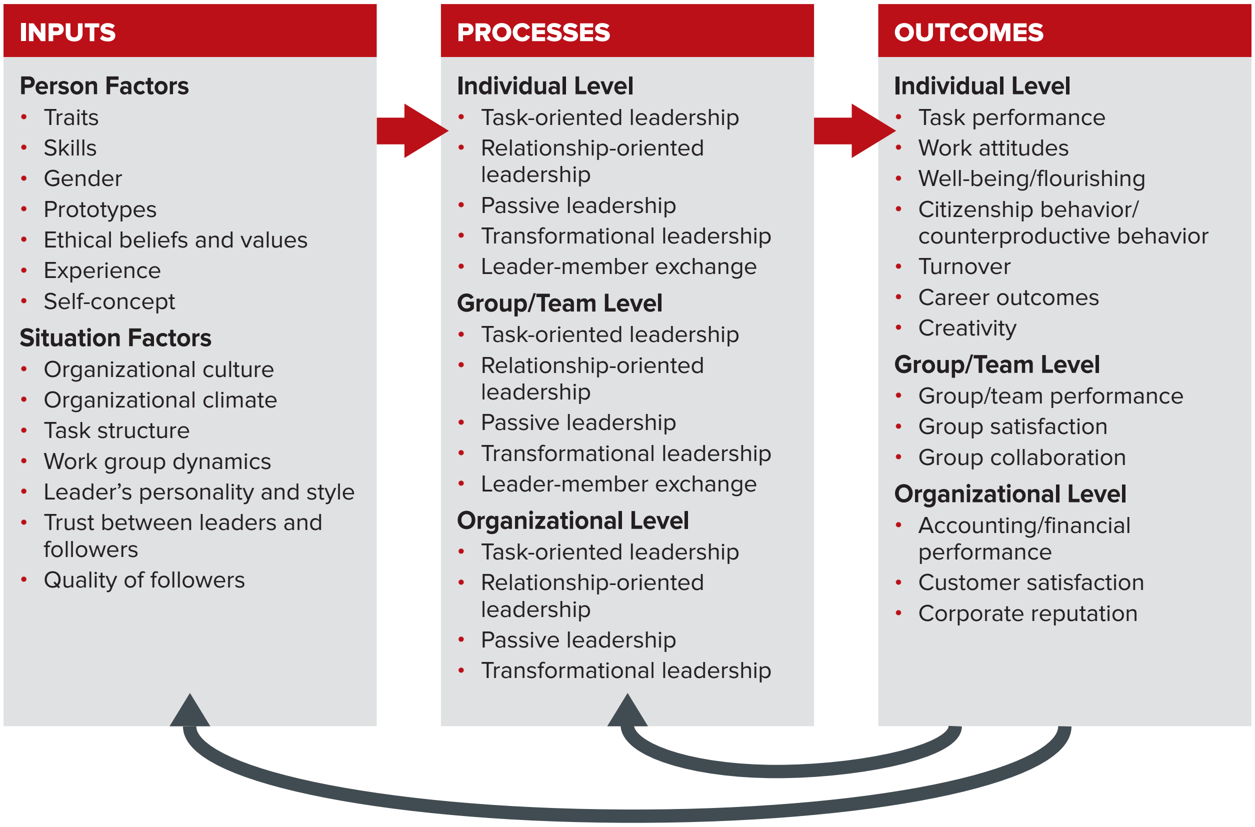
13.6 Additional Perspectives on Leadership

MAJOR QUESTION: *How can more recent approaches to leadership improve my effectiveness at work?*

The Organizing Framework shown in Figure 13.1 summarizes what you will learn in this chapter. It shows a greater number of total inputs and processes than past chapters. This indicates that effective leadership is not a simple activity. It requires that individuals possess a host of person factors including specific traits, skills, and experience. It further requires an understanding of how a variety of situation factors such as organizational culture and structure affect individual, group/team, and organizational level processes.

Figure 13.1 shows there are five key forms of individual level leadership you will learn about. They are: task-oriented leadership, relationship-oriented leadership, passive leadership, transformational leadership, and leader-member exchange. Each of these types of leadership rely on different types of leader behavior and they all in turn affect a number of individual, group/team, and organizational-level outcomes. The large number of outcomes shown in Figure 13.1 underscores the importance of leadership. Research demonstrates that effective leadership impacts individual, group/team, and organizational performance.

FIGURE 13.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



Winning at Work

Learning to Lead

Leadership effectiveness is more a function of your behavior than a set of traits you are born with. This means leadership skills can be learned, a conclusion supported by research.[1]

Step 1: How Can I Begin the Learning Process?

We believe effective leaders lead from the inside out. In other words, self-leadership, or management of your own life, is a prerequisite for being a good leader. How can you lead others if you can't lead yourself? This is where self-awareness matters, by helping you understand your values, motives, and behaviors. For example, research shows that women tend to underestimate their bosses' ratings of their leadership, which promotes poor career outcomes.[2] The benefits of self-awareness are the reason we include so many Self-Assessments in this book. If you want to learn how to lead, the first step is to identify the type of leader behaviors you tend to use.[3] The best way to do this is by getting feedback from others about your leadership during the course of your career.[4] Without feedback, it is very hard to improve.

Step 2: Claim a Leader Identity

The way we think of ourselves, our *identity,* affects our willingness to take on leadership roles. This means that to be a leader, you need to see yourself as a leader.[5] You can do this in three ways. The first is to take a direct approach, in which you refer to yourself as a leader of some group, project, or task or engage in typical leadership acts. For example, if you are meeting with a student group to complete an assignment, you can walk into the meeting with an agenda and then start running the meeting. The second way to see yourself as a leader is to stake indirect claims of leadership, such as sitting at the head of the table for a meeting, mentioning your relationship with recognized leaders, or dressing the part.[6] The third way entails acting or behaving in ways that meet people's expectations about effective leadership. For example, many people perceived that effective leaders use styles that emphasize empowerment, fairness, compassion, and supportiveness. You are more likely to be perceived as a leader if you display these styles.

Step 3: Develop a Learning Goal Orientation

In Chapter 6 we discussed the difference between learning goals and performance goals. Learning goals promote learning because they focus on what we can learn from both success and failure, and they encourage us to seek input, guidance, and coaching from effective leaders. We encourage you to set learning goals associated with leadership development, such as "learn how to run better meetings," "learn to improve my influence skills," or "learn to provide more effective feedback." We also encourage you to set goals associated with your leadership development. For instance, you might establish a goal to read one leadership book or attend one leadership training course a year. Once you do this, make and execute a plan to achieve your goals.

Step 4: Experiment and Seek Feedback

Try experimenting in different situations with the different leader behaviors discussed later in this chapter. Next, assess the impact of your experimental approach to leadership. Seek feedback from those you trust and reflect on what you can learn from your many educational and work experiences. It's very hard to improve your leadership skills without getting feedback. You may also find that some of your colleagues, or even a future boss, may be reluctant to provide accurate and honest feedback. If you feel your feedback is unrealistically positive, push for more details about how you can improve. A recent experimental study showed that leadership effectiveness increased over time for students who consistently reflected on what they could learn from their experiences.[7]

What's Ahead in This Chapter

Improving your leadership skills will enhance both your personal and professional life. The good news is that leadership is available to all. Genetics and privilege neither guarantee leadership abilities, nor are they required. We are about to help you navigate the many theories of leadership, grasp how leadership traits and behaviors can be learned and developed, identify and apply styles of leadership, and finally apply what you learn about leadership to being a better leader and follower and more effective at any level in an organization.

13.1 MAKING SENSE OF LEADERSHIP THEORIES

MAJOR QUESTION

How does having an integrated model of leadership help me become an effective leader?

THE BIGGER PICTURE

You're about to learn why leadership is both an input and a process in the Organizing Framework for Understanding and Applying OB. Organizations can't really start or sustain operations without leadership. You'll acquire an overall model of leadership that integrates the many leadership theories that have been proposed. Then you'll hone your understanding of effective leadership and parse the difference between leading and managing.

> "If your actions inspire others to dream more, learn more, do more and become more, you are a leader."
>
> —John Quincy Adams

Adams's words underscore the value of leadership. Whether at home or work, effective leadership matters! A recent study spanning 18,000 firm-years revealed that the impact of individual chief executives on corporate financial performance has increased over the last 60 years.[8]

Leadership **is "a process whereby an individual influences a group of individuals to achieve a common goal."**[9] As Adams suggested, you do not need to have a formal position of authority to be a leader. Anyone who exerts influence over others in the pursuit of organizationally relevant matters is a leader.

This definition underscores the broad impact leaders have on organizations. Consider that employee disengagement in the United States costs $450 billion to $550 billion per year, and ineffective leadership is a key driver of disengagement.[10] Researchers also have estimated that 50 percent of all managers around the world are incompetent or ineffective.[11] That's a poor state of affairs. Further, results from a recent global survey of more than 13,000 leaders from 48 countries suggested these negative trends are not going away. Only 25 percent of human resource professionals believed their organization's leaders were high quality, and only 15 percent of organizations rated their leadership bench as strong.[12]

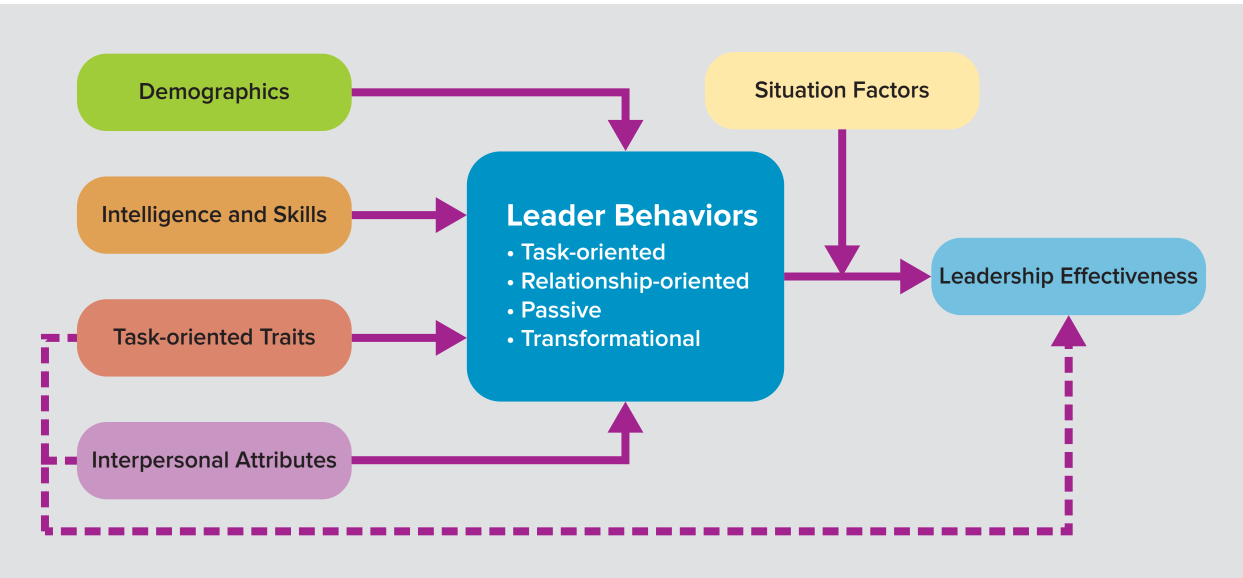
The topic of leadership has generated more OB-related research than any other topic except motivation, so there are far too many leadership theories to cover in this one chapter. Instead we have created a model that integrates the major theories. We begin there and then focus on theories that have received some level of research support.

Do singers (from left: Macklemore, Mary Lambert, Madonna, Ryan Lewis, Queen Latifah) exert leadership when they perform? Would a group of well-known singers like this exert more influence than one singer performing alone? Why or why not? © Kevin Winter/WireImage/Getty Images

An Integrated Model of Leadership

Figure 13.2 presents an integrated model of leadership. Starting at the far right of the model, you see that leadership effectiveness is the outcome we explain in this chapter. The center of the model shows this outcome is influenced by four types of leadership behavior: *task-oriented, relationship-oriented, passive,* and *transformational.*

FIGURE 13.2 AN INTEGRATED MODEL OF LEADERSHIP



Effective leadership also is affected by a combination of task-oriented traits and interpersonal attributes (the left side of the model). Recall from Chapter 3 that individual differences significantly affect performance, and they vary from relatively fixed (cognitive ability) to somewhat flexible (self-efficacy). For example, a recent study of 17,000 people found that childhood intelligence predicted leadership potential across four decades.[13]

Moreover, Figure 13.2 shows how demographic characteristics such as gender and age, task-oriented traits, and interpersonal attributes influence an individual's use of leader behaviors. The final component in leadership effectiveness, situation factors, suggests that different situations call for different leader behaviors. That is, effective leadership requires using the right behavior at the right time.

What Is the Difference between Leading and Managing?

Bernard Bass, a leadership expert, concluded, "Leaders manage and managers lead, but the two activities are not synonymous."[14] Broadly speaking, managers typically perform functions associated with planning, investigating, organizing, and control, and leaders focus on influencing others. Leaders inspire others, provide emotional support, and try to get employees to rally around a common goal. Leaders also play a key role in *creating* a vision and strategic plan for an organization. Managers, in turn, are charged with *implementing* the vision and plan. We can draw several conclusions from this division of labor.

First, good leaders are not necessarily good managers, and good managers are not necessarily good leaders. Second, effective leadership requires effective managerial skills at some level. For example, United's former CEO Jeff Smisek resigned due to managerial deficiencies that produced labor problems, poor customer service, and poor financial results.[15] In contrast, both Tim Cook, CEO of Apple, and Mary Dillon, CEO of Ulta Beauty, are recognized for their use of good managerial skills when implementing corporate strategies.[16]

Do you want to lead others or understand what makes a leader tick? Then take Self-Assessment 13.1. It provides feedback on your readiness to assume a leadership role and can help you consider how to prepare for a formal leadership position.

connect SELF-ASSESSMENT 13.1

Assessing Your Readiness to Assume a Leadership Role

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 13.1 in Connect.

1. Do you agree with your results?
2. If you scored below 60 and desire to become a leader, what might you do to increase your readiness to lead?
3. What is your biggest take-away from these results?

13.2 TRAIT THEORIES: DO LEADERS POSSESS UNIQUE TRAITS AND PERSONAL CHARACTERISTICS?

MAJOR QUESTION

How can I use trait theories to improve my ability to lead?

THE BIGGER PICTURE

Trait theories attempt to identify personal characteristics that differentiate leaders from followers. They represent inputs within the Organizing Framework. After identifying key traits established by research, we discuss the role of gender and perceptions in determining what it takes to be an effective leader.

Trait theory is the successor to what was once called the "great man" theory of leadership. This approach was based on the assumption that leaders such as Abraham Lincoln, Martin Luther King Jr., and Margaret Thatcher are born with some innate ability to lead. In contrast, trait theorists believe leadership traits are not inborn but can be developed through experience and learning. The ***trait approach*** **attempts to identify personality characteristics or interpersonal attributes that differentiate leaders from followers.**

What Core Traits Do Leaders Possess?

Researchers have attempted to identify leadership traits for nearly 100 years. It has been a frustrating pursuit that has not led to a consistent answer. Some have claimed that effective leaders are taller, bald, or wear glasses.[17] But if instead you believe in drawing conclusions based on science, OB researchers offer you a statistical technique called meta-analysis. A *meta-analysis* is a statistical procedure that effectively computes an average relationship between two variables. Table 13.1 is a summary of what we know from this research. Note the emphasis on task-orientation and the expansion into interpersonal attributes.[18]

TABLE 13.1 KEY TASK-ORIENTED TRAITS AND INTERPERSONAL ATTRIBUTES

Positive Task-Oriented Traits	Positive/Negative Interpersonal Attributes
• Intelligence	• Extraversion (+)
• Conscientiousness	• Agreeableness (+)
• Open to Experience	• Communication Skills (+)
• Emotional Stability	• Emotional Intelligence (+)
	• Narcissism (–)
	• Machiavellianism (–)
	• Psychopathy (–)

All the traits and interpersonal attributes listed in Table 13.1 have been defined elsewhere in this book except for the "dark triad" traits of narcissism, Machiavellianism, and psychopathy.[19]

- ***Narcissism*** **consists of "a self-centered perspective, feelings of superiority, and a drive for personal power and glory."**[20] Individuals with this trait have inflated views of themselves, fantasize about being in control of everything, and like to attract the admiration of others. It's thus not surprising that narcissists tend to emerge as leaders, even though they can promote counterproductive work behaviors from others.[21]
- ***Machiavellianism*** **is the use of manipulation, a cynical view of human nature, and a moral code that puts results over principles.** It's not surprising that individuals who believe everyone lies to get what they want and that it's necessary to cheat to get ahead are less likely to garner support from others.
- ***Psychopathy*** **is characterized by a lack of concern for others, impulsive behavior, and a lack of remorse or guilt when your actions harm others.** This type of person is toxic at work.

We can draw two more conclusions from Table 13.1. First, when selecting leaders, it's more useful to consider personality than intelligence.[22] Second, displaying the "dark triad" traits at work can lower your performance ratings and even get you demoted or fired.[23]

What Role Does Emotional Intelligence Play in Leadership Effectiveness?

Recall from Chapter 3 that *emotional intelligence* is the ability to manage yourself and your relationships in mature and constructive ways. Scientific evidence supports two conclusions about emotional intelligence and leadership:[24]

1. **Emotional intelligence is an input to transformational leadership.** In other words, emotional intelligence helps managers effectively enact the behaviors associated with transformational leadership, discussed later in this chapter.
2. **Emotional intelligence has a small, positive, and significant association with leadership effectiveness.** This suggests that emotional intelligence will help you lead more effectively, but it is not the secret elixir of leadership effectiveness.

Margaret Thatcher's three terms leading the United Kingdom, from 1979 to 1990, made her the longest-serving prime minister of the previous century. Which positive traits did she likely possess? © Brian Harris/Alamy

Pol Pot (left) was the communist dictator of Cambodia from 1975 to 1979. His programs and policies led to the deaths of 2 million to 3 million people, roughly a quarter of his country's population. Do you think Pol Pot possessed any of the "dark side" traits? © AFP/Getty Images

Do Women and Men Display the Same Leadership Traits?

The increase in the number of women in the workforce has generated much interest in understanding the similarities and differences between female and male leaders. Research reveals the following four conclusions:

1. Men were observed to display more task leadership and women more relationship leadership.[25]
2. Women used a more democratic or participative style than men, and men used a more autocratic and directive style.[26]
3. Female leadership was associated with more cohesion, cooperative learning, and participative communication among team members.[27]
4. Peers, managers, direct reports, and judges/trained observers, rated women executives as more effective than men. Men rated themselves as more effective than women evaluated themselves.[28]

Sally Jewell became the 51st United States Secretary of the Interior in April of 2013; she is only the second woman to hold the position. She is the former president and CEO of REI, a Seattle-based retailer of outdoor gear. During her tenure, REI nearly tripled its revenue to $2 billion and was consistently ranked one of the 100 best companies to work for by *Fortune*. In 2009, Jewell received the National Audubon Society's Rachel Carson Award for her leadership in and dedication to conservation. It would seem that Jewell possesses the positive traits associated with leadership effectiveness.
© Sait Serkan Gurbuz/AP Photo

How Important Are Knowledge and Skills?

Knowledge and skills are extremely important! Table 13.2 identifies the four basic skills leaders need, according to researchers.

Do Perceptions Matter?

Perceptions do matter, according to implicit leadership theory. ***Implicit leadership theory*** **proposes**

TABLE 13.2 FOUR BASIC SKILLS FOR LEADERS

What Leaders Need	And Why
Cognitive abilities to identify problems and their causes in rapidly changing situations.	Leaders must sometimes devise effective solutions in short time spans with limited information.
Interpersonal skills to influence and persuade others.	Leaders need to work well with diverse people.
Business skills to maximize the use of organizational assets.	Leaders increasingly need business skills as they advance up through an organization.
Strategic skills to draft an organization's mission, vision, strategies, and implementation plans.	Strategic skills matter most for individuals in the top ranks in an organization.

SOURCE: Adapted from T. V. Mumford, M. A. Campion, and F. P. Morgeson, "Leadership Skills Strataplex: Leadership Skill Requirements across Organizational Levels," *Leadership Quarterly*, 2007, 154–166.

that people have beliefs about how leaders should behave and what they should do for their followers. These beliefs are summarized in a *leadership prototype*.[29] A ***leadership prototype*** **is a mental representation of the traits and behaviors people believe leaders possess.** For example, a recent study identified a leadership prototype of physically imposing men: that they possess leadership ability and thus are granted greater status.[30]

We tend to perceive someone as a leader who exhibits traits or behaviors consistent with our prototypes. The person you voted for in the 2016 presidential election most likely exhibited traits contained in your leadership prototype. A pair of researchers recently investigated leadership prototypes regarding facial appearance. Here is what they found:

> People prefer leaders with dominant, masculine-looking faces in times of war and conflict, yet they prefer leaders with more trustworthy, feminine faces in peacetime. In addition, leaders with older-looking faces are preferred in traditional knowledge domains, whereas younger-looking leaders are preferred for new challenges.[31]

As this study's results suggest, we all need to be mindful that our prototypes can bias our evaluation of leaders.

What Are the Take-Aways from Trait Theory?

Trait theory offers us four conclusions.

1. **We cannot ignore the implications of leadership traits.** Traits play a central role in the way we perceive leaders, and they do ultimately affect leadership effectiveness. For example, the Cardiac Rhythm Disease Management Group within Medtronic Inc. identified nine types of traits and skills necessary for leaders (such as giving clear performance feedback and being courageous). The company then designed a leadership development program to help its employees learn and apply these traits.[32]

   More companies are using management development programs to build a pipeline of leadership talent. Total US spending by organizations for leadership training was $61.8 billion in 2014 and $70.6 billion in 2015.[33]
2. **The positive and "dark triad" traits shown in Table 13.1 suggest the qualities you should cultivate and avoid if you want to assume a leadership role in the future.** Personality tests, discussed in Chapter 3, and other trait assessments can help evaluate your strengths and weaknesses on these traits. The website for this book contains a host of tests you can take for this purpose.
3. **Organizations may want to include personality and trait assessments in their selection and promotion processes.** For example, Nina Brody, head of talent for Take Care Health Systems in Conshohocken, Pennsylvania, used an assessment tool to assist in hiring nurses, doctors, medical assistants, and others with traits that fit the organization's culture.[34] Of course, companies should match only valid leadership traits.
4. **A global mind-set is an increasingly valued task-oriented trait.** As more companies expand their international operations and hire more culturally diverse people for domestic operations in the United States, they want to enhance employees' global mind-set.[35] A ***global mind-set*** **is the belief in one's ability to influence dissimilar others in a global context.** For example, MasterCard and InterContinental Hotels Group implemented leadership development programs aimed at enhancing employees' cross-cultural awareness and ability to work with people from different countries (see the OB in Action box).

OB in Action

MasterCard and InterContinental Hotels Group (IHG) Develop Employees' "Global Mind-set"

MasterCard has about 10,300 employees who provide services to people in more than 210 countries and territories.[36] Ann Schulte, former Chief Learning Officer at MasterCard, told a business writer that "MasterCard's business model hinges on the ability to operate and grow a global network that matches the needs of the local market."[37] To do this, the company attempts to match the demographics of its workforce to the diversity of people it serves. InterContinental Hotels Group (IHG) is the largest hotel company in the world, operating 4,700 hotels in almost 100 countries.[38] Renee Stevens, former vice president of global talent, told a business writer that, "It's critical to have leaders from diverse cultures and experiences . . . if you're looking to join a global company, you must have strong cultural awareness and be able to adjust to your changing environment."[39]

How do These Companies Develop a Global Mind-Set? MasterCard uses formal training programs on topics such as culture awareness, language, and cross-cultural awareness to develop employees' global mind-set. The company also assigns people to special-project teams that focus on achieving global strategic objectives. For example, managers may be asked to focus on "scenario planning, regional market models, information strategy, technology estimation, and sponsorships." After completing such projects, trainees are given the opportunity to present their recommendations to a group of senior executives.

IHG uses formal training, job rotation, assignment to special cross-functional project teams, and international assignments to instill a global mind-set. International assignments are the key driver of the company's strategy. Stevens notes, "Not only do these assignments build critical knowledge and skills, they also build understanding of other cultures, leadership skills, and the skills to operate in other parts of the world."[40]

When Should You Start Developing a Global Mind-Set? Stevens believes it takes time to develop a global mind-set. So start early in your career. Don't wait for management to create such opportunities; seek them out.

YOUR THOUGHTS?

1. Which of the positive traits and interpersonal attributes are likely to be enhanced by developing a global mind-set?
2. In what ways would a global mind-set help you in your current job or academic degree program?

13.3 BEHAVIORAL THEORIES: WHICH LEADER BEHAVIORS DRIVE EFFECTIVENESS?

MAJOR QUESTION

Do effective leaders behave in similar ways?

THE BIGGER PICTURE

Behavioral style theories identify key leader behaviors believed to affect leadership effectiveness. We'll focus on four leader behaviors confirmed to differentiate effective from ineffective leaders: task-oriented behavior, relationship-oriented behavior, passive leadership, and transformational leadership.

As you might expect, leaders rely on many different types of behaviors to influence others and to accomplish goals. This realization spurred the ***behavioral styles approach,*** **which attempts to identify the unique behaviors displayed by effective leaders.**

Researchers have boiled down the unique leader behaviors into four categories: task-oriented, relationship-oriented, passive, and transformational (see Figure 13.2). This section discusses the first three, while transformational leadership is discussed later in the chapter.

Task-Oriented Leader Behavior

The primary purpose of task-oriented behaviors is to assist others in accomplishing their goals and those of the work unit.[41] Although a host of behaviors fall under this category, such as planning, clarifying, monitoring, and problem solving, researchers have mainly studied two: initiating structure and transactional leadership.[42]

Initiating Structure Researchers at Ohio State University defined ***initiating structure*** **as leader behavior that organizes and defines what group members should be doing to maximize output.** You witness this behavior style when someone organizes a team meeting for a class project or seeks input from a knowledgeable source to help guide the team's work. This form of leadership has a moderately strong positive relationship with measures of leadership effectiveness.[43]

Transactional Leadership ***Transactional leadership*** **focuses on clarifying employees' role and task requirements and providing followers with positive and negative rewards contingent on performance.** Transactional leadership includes the fundamental managerial activities of setting goals, monitoring progress toward goal achievement, and rewarding and punishing people for their level of goal accomplishment.[44] You can see that transactional leadership is based on using rewards and punishment to drive motivation and performance. Research supports a positive association between transactional leadership and leader effectiveness and group performance.[45]

Nick Saban, head football coach at the University of Alabama, uses task-oriented leadership (see the OB in Action box). His teams have won five national championships, attesting to his effectiveness as a leader.[46]

OB in Action

Nick Saban Uses Task-Oriented Leadership to Achieve National Championships in Football

Nick Saban has lots of energy and puts in long hours as head football coach for the University of Alabama. He used to spend so much time traveling to evaluate high school players that the NCAA came up with the "Saban rule," which prevents college coaches from traveling to high schools in the spring to watch players. Saban is also known for what people in Tuscaloosa call "the process."

Alabama head coach Nick Saban hoists the 2016 College Football Playoff National Championship Trophy following his team's victory over the Clemson Tigers. Alabama won by a score of 45 to 40.
© Sean M. Haffey/Getty Images

How Does "The Process" Work? A *Fortune* reporter stated that Saban "defines expectations for his players athletically, academically, and personally." He also "sets expectations so that everyone understands what he wants, and then he can pull back." For example, he wants to know players' workout routines for each day, including the amount of weight they can bench-press. "If a lineman is above his target body-fat percentage, Saban wants to know what the staff is doing to fix it."

Saban also is very supportive of his coaching staff. Once they make a game plan, he leaves its execution to them. He also takes ownership for mistakes or losses. Former defensive coordinator Kirby Smart told the *Fortune* reporter that Saban "has always taken the blame and never pointed at a coach or a person or a kid. And I think that helps the whole organization. It gives you confidence before the game that 'Hey, we've got a plan. We've outworked everybody at this point. Let's go execute it and do it."

Saban has hired trainers to coach him and the staff. He believes you get better only by focusing on the small things that make a difference on game day. For example, he brought in a martial arts expert because he thought it would help players gain leverage when blocking. He also added Pilates to the team's workout after he experienced its benefits himself.[47]

YOUR THOUGHTS?

1. Do you think Saban's "process" goes too far in its demands on college football players?
2. What aspects of Saban's approach do you see as most applicable in a business organization?
3. What aspects would you rather see modified or abandoned in a business organization?

Relationship-Oriented Leader Behavior

The purpose of relationship-oriented leadership is to enhance employees' skills and create positive work relationships among coworkers and between the leader and his/her employees.[48] OB researchers have investigated the impact of four relationship-oriented behaviors:

- Consideration
- Empowerment
- Servant-leadership
- Ethical leadership

Consideration ***Consideration*** **is leader behavior that creates mutual respect or trust and prioritizes group members' needs and desires.** Consideration promotes social interactions and identification with the team and leader. In fact, researchers at Ohio State (who identified consideration) initially proposed that a high-initiating structure, high-consideration style would be the best style of leadership. While research results did not support this bold prediction, considerate leader behavior has a moderately strong positive relationship with measures of leadership effectiveness.[49]

What use do you make of initiating structure and consideration when interacting with student peers or work colleagues? Which of these two types of leader behavior is a strength, an opportunity, or a weakness for you? You can answer these questions by taking Self-Assessment 13.2.

connect SELF-ASSESSMENT 13.2

Assessing Your Task- and Relationship-Oriented Leader Behavior

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 13.2 in Connect.

1. Are you better at using initiating structure or consideration?
2. Looking at your two lowest scores for each type of leader behavior, suggest ways to improve your leadership.

Empowering Leadership To explain the positive effects of empowering leadership, we need to define two terms. ***Empowering leadership*** **represents the leader's ability to create perceptions of psychological empowerment in others.** ***Psychological empowerment,*** **employees' belief that they have control over their work, is believed to drive intrinsic motivation.**[50]

Amazon founder and CEO Jeff Bezos has learned to be an empowering leader. Patty Stonesifer, an Amazon board member for 19 years, has noticed a change in Bezos's approach toward leadership. "He was at the center of everything at the beginning. The leadership was Jeff Bezos. . . . Today it's not a hub-and-spoke connecting to him. He has become a great leader of leaders," she said.[51]

Leaders increase their followers' psychological empowerment by engaging in behaviors that enhance perceptions of meaning, self-determination or choice, competence, and impact. Let's consider how Bezos creates psychological empowerment at *The Washington Post,* the renowned daily newspaper he bought in 2013.

- **Leading for meaningfulness.** Managers lead for meaningfulness by *inspiring* their employees and *modeling* desired behaviors. One way to do this is by helping employees to identify their passions at work and creating an exciting organizational vision employees feel connected to. Bezos demonstrated this when *Post* correspondent Jason Rezaian was released from an Iranian prison after being held for

18 months. Bezos flew to a US base in Germany to pick Rezaian up, saying, "What happened to Jason and his wife, Yegi, is completely unfair, unjust—outrageous. I considered it a privilege to be able to go pick him up. I had dinner with them at the Army base the night that I got there, and then . . . I asked him, 'Where do you want to go? I'll take you wherever you want.'" They flew to Key West. A photo of the event went viral within the company. Bezos told everyone, "We'll never abandon anybody."[52]

Yegi Rezaian (far left) and her husband, Jason, sit with US Secretary of State John Kerry and Amazon CEO Jeff Bezos (far right) at a ceremony to dedicate *The Washington Post's* new headquarters in Washington, D.C.
© State Department/Sipa USA/Newscom

- **Leading for self-determination or choice.** Managers lead for choice by *delegating* meaningful assignments and tasks. Bezos told the staff at the *Post* that the paper needed to increase its web traffic, but he did not tell them how. He provided input but left the execution to his managers. Web visitors have jumped from 30.5 million in October 2013 to 73.4 million in February 2016.
- **Leading for competence.** Leading for competence means *supporting* and *coaching* employees. Managers first need to make sure employees have the knowledge needed to successfully perform their jobs. Deficiencies can be handled through training and mentoring. Managers can also combine positive feedback and sincere recognition with challenging tasks to fuel employees' intrinsic motivation. Rather than controlling the editorial product at the *Post,* says editor Marty Baron, "Bezos doesn't suggest coverage."
- **Leading for progress.** Managers lead for progress by *monitoring* and *rewarding* others. Bezos meets with *Post* senior leaders by phone every other week. They discuss operations, web traffic, and other customer-oriented issues.[53]

Research supports the use of empowering leadership. It fosters psychological empowerment, which in turn improves outcomes such as intrinsic motivation, creativity, career self-efficacy and satisfaction, performance, and team collaboration.[54]

Servant-Leadership The term *servant-leadership* was coined in 1970 by Robert Greenleaf, who believed great leaders act as servants and make the needs of others, including employees, customers, and community, their first priority. ***Servant-leadership*** **focuses on increased service to others rather than to oneself.**[55] Because the focus of servant-leadership is on serving others, servant-leaders are less likely to engage in self-serving behaviors that hurt others. Embedding servant-leadership into an organization's culture requires actions as well as words.

EXAMPLE Afni, Inc., a global customer contact services provider, launched a leadership development program aimed at enhancing both servant and empowering leadership. Heather Cushing, senior manager of leadership development, said the goal of the program is to help managers "exhibit an attitude of servant-hood, caring for the coaching and development of each level reporting up through them." Afni wants managers to empower "others to reach their full potential, while also inspiring teamwork and loyalty and improving employee engagement."[56]

Servant-leadership is expected to promote leadership effectiveness because it focuses on providing support and growth opportunities to employees. As you may recall from our discussion of perceived organizational support (POS) in Chapter 2, people generally reciprocate with increased effort toward collective performance when they feel supported. Servant-leaders have the characteristics listed in Table 13.3.

TABLE 13.3 CHARACTERISTICS OF THE SERVANT-LEADER

Servant-Leadership Characteristics	Description
1. Listening	Servant-leaders focus on listening to identify and clarify the needs and desires of a group.
2. Empathy	Servant-leaders try to empathize with others' feelings and emotions. An individual's good intentions are assumed even when he or she performs poorly.
3. Healing	Servant-leaders strive to make themselves and others whole in the face of failure or suffering.
4. Awareness	Servant-leaders are aware of their own strengths and limitations.
5. Persuasion	Servant-leaders rely more on persuasion than on positional authority when making decisions and trying to influence others.
6. Conceptualization	Servant-leaders take the time and effort to develop broader-based conceptual thinking. They seek an appropriate balance between a short-term, day-to-day focus and a long-term, conceptual orientation.
7. Foresight	Servant-leaders have the ability to foresee outcomes of a current course of action or situation.
8. Stewardship	Servant-leaders assume they are stewards of the people and resources they manage.
9. Commitment to the growth of people	Servant-leaders commit to people beyond their immediate work role. They foster an environment that encourages personal, professional, and spiritual growth.
10. Interest in building community	Servant-leaders strive to create a sense of community both within and outside the work organization.

SOURCE: Adapted from L. C. Spears, "Introduction: Servant-Leadership and the Greenleaf Legacy," in *Reflections on Leadership: How Robert K. Greenleaf's Theory of Servant-Leadership Influenced Today's Top Management Thinkers,* ed. L. C. Spears (New York: Wiley, 1995), 1–14.

Does your current manager display the traits shown in Table 13.3? If yes, you are likely to be happier, more productive, more creative, and more willing to go above and beyond your role. This is precisely what researchers have uncovered.[57] Self-Assessment 13.3 measures the extent to which you possess a serving orientation. Results from the assessment will enhance your understanding of what it takes to really be a servant-leader.

connect SELF-ASSESSMENT 13.3

Assessing Your Servant Orientation

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 13.3 in Connect.

1. To what extent do you possess a servant orientation? Are you surprised by the results?
2. How might you demonstrate more servant-leadership in your teams at work or school? Be specific.

Bono, lead singer of the Irish band U2, is a good example of a servant-leader. Here is what reporter Ellen Mcgirt had to say about him.

> **EXAMPLE** In 2005 he started the One campaign, a volunteer-led movement to influence lawmakers to commit resources to funding programs that truly change the lives of the poor—from Pepfar (which continues to provide lifesaving antiretroviral drugs); to the Global Fund, the Geneva-based not-for-profit that finances select local programs fighting AIDS, TB, malaria; to Gavi, a public-private partnership that provides needed vaccines to kids. Bono's motto is adapted from St. Francis, who said, "Go into the world to preach the gospel, and if necessary, use words." Bono commented that "It's about being useful, and that's what I want to be."[58]

TAKE-AWAY APPLICATION

Increasing My Use of Relationship-Oriented Leadership

1. Think about the group projects you are currently working on. How might you use both empowering leadership and servant-leadership in team meetings?
2. How would you evaluate whether these leader behaviors are effective?

Ethical Leadership OB scholars are interested in studying ethical leadership. ***Ethical leadership*** **represents normatively appropriate behavior that focuses on being a moral role model.** This includes communicating ethical values to others, rewarding ethical behavior, and treating followers with care and concern.[59]

Ethical leadership is clearly driven by personal factors related to our beliefs and values. It also has a reciprocal relationship with an organization's culture and climate. In other words, an ethical culture and climate promote ethical leadership, and ethical leadership in turn promotes an ethical culture and climate. Although ethical leadership is a relatively new area of study in OB, research already shows that it is positively related to employee job satisfaction, organizational commitment, organizational citizenship behavior, motivation, and task performance. It also is negatively associated with job stress, counterproductive work behavior, and intentions to quit.[60] It appears that ethical leadership has many positive benefits.

Passive Leadership

Passive leadership is best illustrated by what OB scholars call *laissez-faire* leadership. ***Laissez-faire leadership*** **is a general failure to take responsibility for leading.** Examples include avoiding conflict, failing to provide coaching on difficult assignments, failing to assist employees in setting performance goals, avoiding performance feedback, ignoring bullying, and being so hands-off that employees have little idea what they should be doing. You can probably see that *laissez-faire* leadership prompts incivility among people (see the OB in Action box) and has an overall negative impact on employees' perceptions of leadership effectiveness.[61]

What are the practical implications of research on passive leadership? Organizationally, it would be valuable to use employee feedback to identify managers who lead with this style. Once identified, people can be trained to use behaviors associated with other forms of task and relational leadership. If the person does not change, then he or she should be removed from the position.

A leadership expert provided the following suggestions for personally dealing with a passive leader:

- Talk to your manager and discuss your need for more input, coaching, or direction.
- Sit down with your boss and establish SMART goals, as discussed in Chapter 6.
- Consult with other members of your work group to find out whether you are the only person who feels a need for more leadership.
- Seek the assistance of someone higher in the organization.[62]

OB in Action

Passive Leadership at Petrobas

Aldemir Bendine is CEO of Brazil's state-run oil firm Petróleo Brasileiro SA, called Petrobras. He has displayed such passive leadership that he has earned the nickname "TQQ." In Portuguese, that stands for Tuesday, Wednesday, and Thursday, reportedly the only days he shows up at corporate headquarters in Rio. Bendine is criticized for spending too much time in São Paulo, his hometown, and not enough at corporate headquarters in Rio.[63]

Bendine was appointed CEO in 2015 by Brazilian President Dilma Rousseff, who believed he could help the oil company overcome a massive corruption scandal. "Investigators say that politicians, oil executives and businessmen conspired for a decade to siphon billions of dollars from the firm, channeling money to Swiss accounts and the slush funds of major political parties," according to *The Wall Street Journal*.[64]

Unfortunately, other executives at Petrobas do not believe Bendine has "done enough in his first year to tackle the company's myriad problems," according to a *Wall Street Journal* reporter.[65] *Bidness Etc* reported that these problems include "low crude oil prices, a multibillion-dollar corruption scandal, weak Brazilian economy, and the powerful workers' unions. . . . The corruption scandal and the commodity market downturn have increased Petrobras' debt burden to more than $130 billion."[66]

The Wall Street Journal reports that "Bendine's lack of industry experience has sparked grumbling by some Petrobras veterans that he doesn't have the company's long-term interests at heart. He has clashed with board members on several occasions, and in October slammed the door after walking out on the board mid-meeting. . . . His people skills also were questioned during a November strike by oil platform workers that dragged on for several weeks, costing the company more than 2 million barrels of oil production. The workers also won a raise."[67]

Rousseff, who has since been impeached by Brazil's Congress, views Bendine as a loyal government solider. She herself is accused of violating "budgetary laws to cover shortfalls in Brazil's deficit," a charge she denies.[68]

One senior executive summarized the general view of Bendine as follows: "He doesn't seem to want to have a career in the oil business. . . . It's a part-time job for him."[69]

YOUR THOUGHTS?

1. Why do you think Aldemir Bendine is displaying passive leadership?
2. Do you think Bendine's relationship with President Rousseff is affecting his image at Petrobas? Explain.
3. What are the outcomes of Bendine's leadership?

What Are the Take-Aways from Behavioral Theory?

There are three points to remember about behavioral theory.

1. **Behavior is more important than traits when it comes to leaders' effectiveness.**[70] Our mantra for leaders is, "Every behavior matters."
2. **Leader behaviors can be systematically improved and developed.**[71] Organizations should continue to invest in leadership development programs.
3. **There is no one best style of leadership.** The effectiveness of a particular leadership style depends on the situation at hand.

13.4 CONTINGENCY THEORIES: DOES THE EFFECTIVENESS OF LEADERSHIP DEPEND ON THE SITUATION?

MAJOR QUESTION

How Do I Know When to Use a Specific Leader Behavior?

THE BIGGER PICTURE

Proponents of contingency leadership believe the effectiveness of leadership behaviors depends on the situation. Makes common sense! Contingency theories help managers recognize when they should use particular types of leader behavior. Two that have been widely researched are Fred Fiedler's *contingency model* and Robert House's *path-goal theory.*

Contingency leadership theories grew out of the realization that there is no single "best" style of leadership. ***Contingency theories*** **propose that the effectiveness of a particular style of leader behavior depends on the situation.** As situations change, different styles become appropriate. As you will learn, however, the application of contingency theories is more complicated than it appears.

Let's examine two contingency theories: Fiedler's contingency model and House's path-goal theory.

Fiedler's Contingency Model

The oldest contingency-based theory was developed by Fred Fiedler. He labeled the model ***contingency theory*** **because it is based on the premise that a leader's effectiveness is contingent on the extent to which the leader's style matches characteristics of the situation at hand.** To understand how this matching process works, we'll consider the key leadership styles Fiedler identified and the situational variables that constitute what he labeled *situational control.*[72]

Two Leadership Styles: Task Orientation and Relationship Orientation Fiedler believed leaders have one dominant or natural leadership style that is resistant to change—either task-motivated or relationship-motivated. Recall these two orientations from our earlier discussion in this chapter. Task-motivated leaders focus on accomplishing goals, whereas relationship-motivated leaders are more interested in developing positive relationships with followers. Fiedler developed the ***least preferred coworker (LPC) scale*** **to measure the extent to which an individual takes a task- or relationship-based approach toward leadership.** The scale asks you to evaluate a coworker you least enjoy working with on 16 pairs of opposite characteristics (such as friendly/unfriendly and tense/relaxed). High scores on the survey (high LPC) indicate that an individual is relationship-motivated, and low scores (low LPC) suggest a task-motivated style.

Three Dimensions of Situational Control Situational control refers to the amount of control and influence the leader has in her or his immediate work environment. There are three dimensions of situational control: *leader–member relations, task structure,* and *position power.*

- ***Leader–member relations*** **describe the extent to which the leader has the support, loyalty, and trust of the work group.** This dimension is the most important component of situational control. Good leader–member relations suggest that the leader can depend on the group, thus ensuring members will try to meet the leader's goals and objectives.
- ***Task structure*** **measures the amount of structure contained within tasks performed by the work group.** For example, a managerial job contains less structure than that of a bank teller. Because there are guidelines for the way structured tasks should be completed, the leader has more control and influence over employees performing such tasks. This dimension is the second-most important component of situational control.
- ***Position power*** **is the leader's formal power to reward, punish, or otherwise obtain compliance from employees.**

The dimensions of situational control vary independently, forming eight combinations in which control varies from high to low (see Figure 13.3). High control implies that the leader's decisions will produce predictable results because the leader has the ability to influence work outcomes. Low control implies that the leader's decisions may not influence work outcomes because the leader has very little influence.

When Is Each Style Most Effective? No leadership style is effective in all situations. Figure 13.3 illustrates when task- and relationship-motivated leadership are expected to be most effective.

- Task-oriented leadership should be most effective in either *high-control* (situations I–III in Figure 13.3) or *low-control* situations (situation VIII).
- Relationship-oriented leadership should be most effective in situations of *moderate control* (situations IV–VII in Figure 13.3).

FIGURE 13.3 REPRESENTATION OF FIEDLER'S CONTINGENCY MODEL

Situational Control	High-Control Situations			Moderate-Control Situations				Low-Control Situations
Leader–Member Relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task Structure	High	High	Low	Low	High	High	Low	Low
Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Situation	I	II	III	IV	V	VI	VII	VIII
Optimal Leadership Style	**Task-Motivated Leadership**			**Relationship-Motivated Leadership**				**Task-Motivated Leadership**

SOURCE: Adapted from F. E. Fiedler, "Situational Control and a Dynamic Theory of Leadership," in *Managerial Control and Organizational Democracy,* ed. B. King, S. Streufert, and F. E. Fieldler (New York: Wiley, 1978), 114.

What should you do if your dominant leadership style does not match the situation? Then, Fiedler suggests, it is better to move to a more suitable situation than to try to change your leadership style. This response is different from that of the behavioral styles approach, which assumes we can learn different leader behaviors. Fiedler believes people cannot change their leadership style. Do you agree with this proposition?

Take-Aways from Fiedler's Model Although research provides only partial support for Fiedler's model and the LPC scale,[73] there are three key take-aways.

1. ***Leadership effectiveness goes beyond traits and behaviors.*** The fit between a leader's style and the situational demands is influential. For example, a recent study found that companies with task-oriented CEOs achieved greater financial performance (higher return on assets) when the company had a relationship-focused culture, whereas firms with relationship-oriented CEOs had higher firm performance in task-focused cultures.[74]
2. ***Organizations should attempt to hire or promote people whose leadership styles fit or match situational demands.*** Bill Marriott, Marriott's executive chairman, decided to select the first nonfamily CEO because he felt his son John was not suited for the position despite having spent his entire life working his way up through the company (see Problem-Solving Application box).
3. ***Leaders need to modify their style to fit a situation.*** A recent study found that too much task-oriented leader behavior was viewed negatively by employees, whereas excessive relationship leadership was not. Leaders need to experiment with finding the appropriate amount of leadership to exhibit in different situations.[75]

Problem-Solving Application

Bill Marriott Selects Arne Sorenson to Be CEO over His Son

Bill Marriot became CEO of the Marriott hotel chain at the age of 32. He was selected by his father after having worked in the company since he was 14. Under his leadership, the company's revenues grew from $85 million in 1964 to $11.8 billion in 2012.

Bill's Dilemma After suffering a heart attack at the age of 57, Bill Marriott began to consider a succession plan. He wanted one of his four children to take over because the 85-year-old company had always been run by a family member.

Bill's son John Marriott was the most capable to take over. John started as a cook in the kitchen and had gone on to work in every aspect of the business. Bill said John "spent most of his adult life preparing to succeed me as CEO. He devoted his heart and soul to learning the business. . . . But as time went on, I realized that it wasn't the right fit—not for John and not for Marriott."

Bill's Response Bill Marriott saw that the company needed a CEO with strong people skills. He noted that "our culture is focused on people, because treating one another well is essential to creating an atmosphere in which everyone treats guests well, and that's the most fundamental element of our business."[76]

Marriott had hired lawyer Arne Sorenson to help represent the company in 1993. Bill thought Sorenson had great financial skills, so he hired him at a later time to head mergers and acquisitions. Sorenson became chief financial officer in 1998. Over time, Bill Marriott observed that his CFO had also developed very keen people skills.

As Sorenson's task and relationship skills grew, John Marriott became unhappy working at headquarters. He simply did not like managing the bureaucracy of such a large company. Bill concluded that his son was a "natural born entrepreneur" who did not have the personality to run a company like Marriott.

The Outcome Father and son agreed that John would be happier working in another role. In 2005, John became vice chair of the board, and he started a medical testing company. He also is CEO of JWM Family Enterprises, a family trust company. Bill turned over the CEO reins to Arne Sorenson in March 2012. The company has done very well since that time. *The Washington Post* noted in 2015, "The company's stock is on a tear, and Marriott is adding tens of thousands of rooms worldwide annually, putting it on pace to pass 1 million rooms open or on the way this year."[77]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem in this case?

Step 2: Identify the cause of the problem. What leadership concepts or theories helped Bill Marriott make a decision about his successor?

Step 3: Make your recommendation. Do you agree with Bill Marriott's decision? Explain.

House's Path-Goal Theory

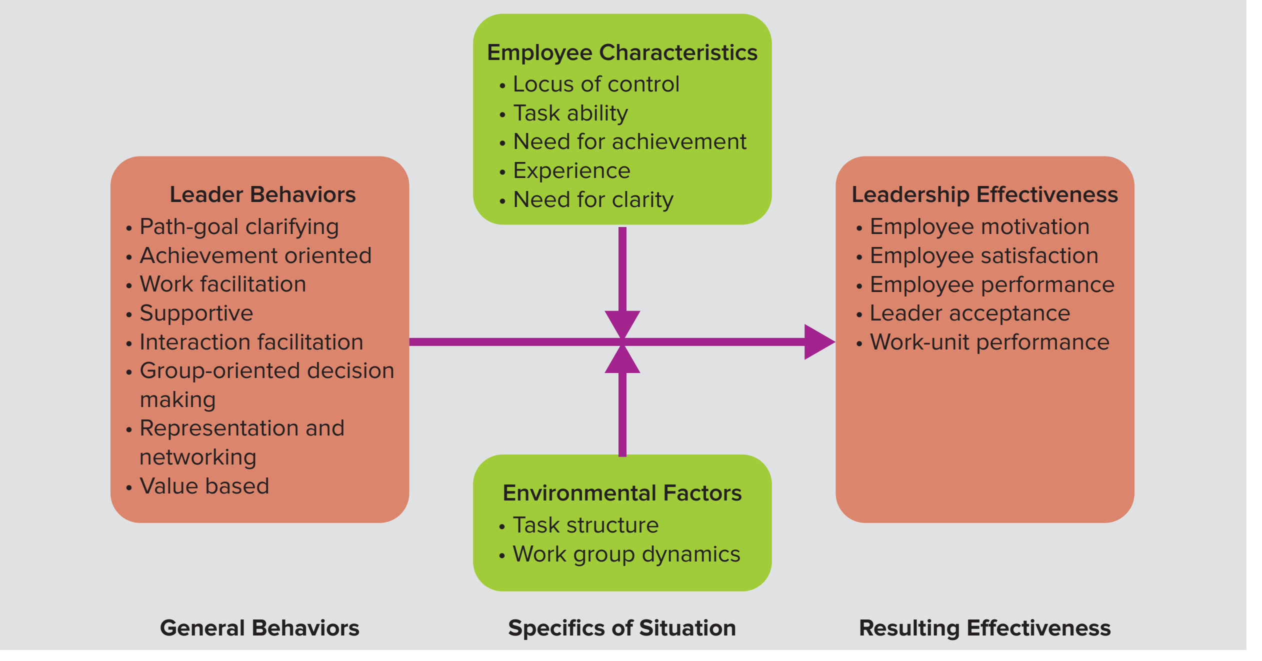
A second popular contingency-based theory, proposed by Robert House in the 1970s and revised in 1996, is ***path-goal theory,*** **which holds that leader behaviors are effective when employees view them as a source of satisfaction or as paving the way to future satisfaction.** Leaders are expected to do this by (1) reducing roadblocks that interfere with goal accomplishment, (2) providing the guidance and support employees need, and (3) linking meaningful rewards to goal accomplishment.

The mountaineering guide (pulling the climber up) exemplifies path-goal leadership. His job is to reduce roadblocks during an ascent and to provide coaching and support during the journey. Of the two climbers, who do you think has the most fun? Who has the greatest sense of accomplishment?

House's revised model is presented in Figure 13.4. You can see that leadership effectiveness is influenced by the interaction between eight leadership behaviors (see Table 13.4) and a variety of contingency factors.

What Determines Leadership Effectiveness? The Match between Leadership Behavior and Contingency Factors Figure 13.4 shows that two contingency factors—employee characteristics and environmental factors—can cause some leadership behaviors to be more effective than others.

FIGURE 13.4 REPRESENTATION OF HOUSE'S REVISED PATH-GOAL THEORY



Putting the Theory into Action To better understand how these contingency factors influence leadership effectiveness, we consider locus of control (see Chapter 3), an employee characteristic, and task structure, an environmental factor.

EXAMPLE **Locus of control** can be internal or external.

Internal. Employees with an internal locus of control are

- More likely to prefer participative or achievement-oriented leadership because they believe they have control over the work environment.
- Unlikely to be satisfied with directive leader behaviors that exert additional control over their activities.

External. Employees with an external locus

- Tend to view the environment as uncontrollable, preferring the structure provided by supportive or directive leadership.

EXAMPLE **Task structure** can be low or high.

Low. Low task structure occurs when

- Employees are not clear about their roles or performance expectations and have high role ambiguity.

Directive and supportive leadership should help employees experiencing role ambiguity.

High. High task structure occurs when

- Employees work on routine and simple tasks.

Directive leadership is likely to frustrate such employees. Supportive leadership is most useful in this context.

TABLE 13.4 CATEGORIES OF LEADER BEHAVIOR IN REVISED PATH-GOAL THEORY

Leader Behaviors	What It Means
Path-goal–clarifying behaviors	Clarifying employees' performance goals; providing guidance on how employees can complete tasks; clarifying performance standards and expectations; use of positive and negative rewards contingent on performance
Achievement-oriented behaviors	Setting challenging goals; emphasizing excellence; demonstrating confidence in employees' abilities
Work-facilitation behaviors	Planning, scheduling, organizing, and coordinating work; providing mentoring, coaching, counseling, and feedback to assist employees in developing their skills; eliminating roadblocks; providing resources; empowering employees to take actions and make decisions
Supportive behaviors	Showing concern for the well-being and needs of employees; being friendly and approachable; treating employees as equals
Interaction-facilitation behaviors	Resolving disputes; facilitating communication; encouraging the sharing of minority opinions; emphasizing collaboration and teamwork; encouraging close relationships among employees
Group-oriented decision-making behaviors	Posing problems rather than solutions to the work group; encouraging group members to participate in decision making; providing necessary information to the group for analysis; involving knowledgeable employees in decision making
Representation and networking behaviors	Presenting the work group in a positive light to others; maintaining positive relationships with influential others; participating in organizational social functions and ceremonies; doing unconditional favors for others
Value-based behaviors	Establishing a vision, displaying passion for it, and supporting its accomplishment; demonstrating self-confidence; communicating high-performance expectations and confidence in others' abilities to meet their goals; giving frequent positive feedback

SOURCE: Adapted from R. J. House, "Path-Goal Theory of Leadership: Lessons, Legacy, and a Reformulated Theory," *Leadership Quarterly,* 1996, 323–352.

Does the Revised Path-Goal Theory Work? There are not enough direct tests of House's revised path-goal theory to draw overall conclusions. Nonetheless, the theory offers us three key points.

1. ***Use more than one style of leadership.*** Effective leaders use multiple types of leader behavior. Familiarize yourself with the eight types of leader behavior outlined in path-goal theory and try new behaviors when the situation calls for them.
2. ***Help employees achieve their goals.*** Clarify the paths to goal accomplishment and remove any obstacles that may impair an employee's ability to achieve his or her goals.

3. ***Modify your leadership style to fit various employee and environmental characteristics.*** Remember that a small set of employee characteristics (ability, experience, and need for independence) and environmental factors (task characteristics of autonomy, variety, and significance) are relevant contingency factors.[78]

Applying Contingency Theories

Although researchers and practitioners support the logic of contingency leadership, its practical applications have not been clearly developed. A team of researchers proposed a general strategy managers can use across a variety of situations, however. It has five steps.[79] To describe them, let's use the examples of a head coach of a sports team and a sales manager.

Step 1: Identify important outcomes. Managers must first identify the goals they want to achieve. For example, the head coach may have games to win or wish to avoid injury to key players, whereas a sales manager's goal might be to increase sales by 10 percent or reduce customers' complaints by half.

Step 2: Identify relevant leadership behaviors. Next managers need to identify the specific types of behaviors that may be appropriate for the situation at hand. The list in Table 13.4 is a good starting point. A head coach in a championship game, for instance, might focus on achievement-oriented and work-facilitation behaviors. In contrast, a sales manager might find path-goal–clarifying, work-facilitation, and supportive behaviors more relevant for the sales team. Don't try to use all available leadership behaviors. Rather, select the one or two that appear most helpful.

Step 3: Identify situational conditions. Fiedler and House both identify a set of potential contingency factors to consider, but there may be other practical considerations. For example, a star quarterback on a football team may be injured, which might require the team to adopt a different strategy for winning the game. Similarly, the need to manage a virtual sales team with members from around the world will affect the types of leadership most effective in this context.

Step 4: Match leadership to the conditions at hand. There are too many possible situational conditions for us to provide specific advice. This means you should use your knowledge about organizational behavior to find the best match between your leadership styles and behaviors and the situation at hand. The coach whose star quarterback is injured might use supportive and values-based behaviors to instill confidence that the team can win with a different quarterback. Our sales manager also might find it useful to use the empowering leadership associated with work-facilitation behaviors and avoid directive leadership.

Step 5: Decide how to make the match. Managers can use guidelines from either contingency theory or path-goal theory: change the person in the leadership role or change his or her behavior. It is not possible to change the head coach in a championship game. This means the head coach needs to change his or her style or behavior to meet the specific challenge. In contrast, the organization employing the sales manager might move him or her to another position because the individual is too directive and does not like to empower others. Or the sales manager could change his or her behavior, if possible.

13.5 TRANSFORMATIONAL LEADERSHIP: HOW DO LEADERS TRANSFORM EMPLOYEES' MOTIVES?

MAJOR QUESTION

How can I use transformational leadership when working with others?

THE BIGGER PICTURE

Transformational leaders use a combination of charisma, interpersonal skills, and leader behaviors to transform followers' goals, motives, and behavior. Four key behaviors they adopt are inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation. We discuss a process by which these behaviors help produce positive outcomes.

Transformational leadership represents a broad type of leader behavior that goes beyond task and relational leadership. Its origins date to the 1940s, when German sociologist Max Weber discussed the pros and cons of charismatic leadership.[80] ***Charisma*** **is a form of interpersonal attraction that inspires acceptance, devotion, and enthusiasm.** Weber's initial ideas were examined and then incorporated into different models of transformational leadership during the 1970s and '80s. The dominant model of transformational leadership was proposed by a renowned OB scholar, Bernard Bass.[81] Bass believed transformational leaders used key leader behaviors to influence others.

A Model of Transformational Leadership

Transformational leaders **transform their followers to pursue organizational goals over self-interests.** They do this by appealing to followers' self-concepts—their values, motives, and personal identity. There are *four key behaviors of transformational leaders:* inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation. Figure 13.5 provides a sketch of the way transformational leaders rely on the four behaviors. Let's look at each in more detail.

Inspirational Motivation "Let me share a vision that elevates us to a greater good." ***Inspirational motivation,*** **which includes the use of charisma, relies on an attractive vision of the future, emotional arguments, and demonstrated optimism and enthusiasm.** A vision is "a realistic, credible, attractive future for your organization."[82] According to Burt Nanus, a leadership expert, the right vision unleashes human potential because it serves as a beacon of hope and common purpose. It does this by attracting commitment, energizing workers, creating meaning in employees' lives, establishing a standard of excellence, promoting high ideals, and bridging the gap between an organization's present problems and its future goals and aspirations.

EXAMPLE Drugmaker Novo Nordisk inspires its US employees with videos of patients who have benefited from its lifesaving products, including a NASCAR driver and villagers in Vietnam.[83]

FIGURE 13.5 A TRANSFORMATIONAL MODEL OF LEADERSHIP

Person and situation factors	Leader behavior	Effects on followers and work groups	Outcomes
• Traits	• Inspirational motivation	• Increased self-efficacy and collective self-efficacy	• Increased individual, group, and organizational performance
• Life experiences • Leader trait affect	• Idealized influence	• Increased identification with the leader and work group members	• Positive work attitudes
• Organizational culture	• Individualized consideration	• Increased perceptions of psychological empowerment and perceived organizational support	• Increased individual and group creativity/innovation
	• Intellectual stimulation	• Increased positive affect • Increased perceptions of task meaningfulness • Increased perceptions of organizational justice • Increased trust and liking with the leader • Increased perceptions of positive climates and work group processes	• Reduced stress and turnover • Increased organizational citizenship behavior • Increased customer service • Positive perceptions of leader effectiveness

SOURCE: Adapted from D. A. Waldman and F. J. Yammarino, "CEO Charismatic Leadership: Levels-of-Management and Levels-of-Analysis Effects," *Academy of Management Review,* April 1999, 266–285; and D. V. Knippenberg and S. B. Sitkin, "A Critical Assessment of Charismatic-Transformational Leadership Research: Back to the Drawing Board?" *The Academy of Management Annals,* 2013, 1–60.

EXAMPLE Civil rights leader Martin Luther King Jr. had a vision or dream of racial equality. He both inspired a movement of people and helped the country envision a brighter future.

EXAMPLE Lloyd Dean, CEO of Dignity Health, has a vision of human kindness.[84] He believes humanity is the core of health care.

Idealized Influence "Let me demonstrate how to work hard and do the right thing." The focus of ***idealized influence*** **is to instill pride, respect, and trust within employees.** Managers do this by sacrificing for the good of the group, being a role model, and displaying high ethical standards.

EXAMPLE Donna Hyland, CEO of Children's Healthcare of Atlanta, believes in idealized influence. She told *Fortune*, "At Children's we believe that people have chosen professions they enjoy and desire to be great at them. Our job is to get out of the way and let them focus on the work they love."[85]

Donna Hyland is known for her community involvement. She has over 28 years of business leadership and financial experience and has spent the bulk of her career focused on improving health care delivery to children in Georgia and beyond. She has served on multiple boards of directors and was recognized as one of the 100 Most Influential Georgians.

© Moses Robinson/WireImage/Getty Images

Individualized Consideration "Let me provide tangible support to help you reach your goals." The individualized consideration part of transformational leadership is about relationships. Specifically, ***individualized consideration*** **consists of behaviors that provide support, encouragement, empowerment, and coaching to employees.** To enact these behaviors, leaders must pay special attention to the needs of their followers and search for ways to help them develop and grow. Spend time talking with people about their interests and identify new learning opportunities for them.

> **EXAMPLE** CHG Healthcare Services, ranked the third-best company in the 2016 *Training* Top 125, has provided its employees with strong career and skill development by moving to a more people-driven, leader-guided, and core value-centered approach. The company instituted courses on servant leadership and mindfulness and implemented a formal mentoring program.[86]

Intellectual Stimulation "Let's establish challenging and meaningful goals." The intellectual component of transformational leadership is more task-oriented. ***Intellectual stimulation*** **behavior encourages employees to question the status quo and to seek innovative and creative solutions to organizational problems.** If effectively challenged, employees are more likely to view organizational problems as "my problems" and proactively attempt to overcome performance roadblocks.

> **EXAMPLE** At San Diego's WD-40, maker of lubricants and cleaners, managers are asked to find creative ways to increase employee engagement. These efforts entail setting improvement goals based on employee surveys. Speaking of goals, CEO Garry Ridge said, "Our goals are tied not only to financial performance but to the cultural performance of our company, which includes the level of engagement scores."[87]

How Does Transformational Leadership Work?

Figure 13.5 showed on the left-hand side that transformational leader behavior is first influenced by both person and situation factors. On the person factor side of the equation, research reveals that transformational leaders tend to have personalities that are more extroverted, agreeable, and proactive and less neurotic than nontransformational leaders. They also have higher emotional intelligence[88] and tend to be female.[89] Leader trait affect, which represents a person's tendency to feel either positive or negative, also influences how well we use transformational leadership, because positive people are more likely to engage in transformational leadership than negatively oriented individuals.[90]

Finally, Figure 13.5 also shows that organizational culture influences the extent to which leaders are transformational. Cultures that are adaptive and flexible rather than rigid and bureaucratic are more likely to foster the opportunity for leaders to demonstrate transformational leadership.

The third column from the left in Figure 13.5 reveals that the use of transformational leadership creates immediate positive effects on followers and work groups. These in turn generate the additional positive outcomes shown in the fourth column of Figure 13.5 like individual, group, and organizational performance; organizational commitment; organizational citizenship behaviors; reduced turnover intentions; and safety behaviors.[91] By and large, research supports the linkages the figure shows.[92]

Have you worked for a transformational leader? Self-Assessment 13.4 measures the extent to which a current or former manager used transformational leadership. It also gives you a good idea about the specific behaviors you need to exhibit if you want to lead in a transformational manner.

SELF-ASSESSMENT 13.4

Assessing Your Boss's Transformational Leadership

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 13.4 in Connect.

1. What could your manager have done to be more transformational?
2. What three behaviors can you exhibit to increase your application of transformational leadership?

Implications for Managers Support for transformational leadership underscores five important managerial implications.

- **The establishment of a positive vision of the future—inspirational motivation—should be considered a first step in applying transformational leadership.** Why? Because the vision represents a long-term goal, and it is important for leaders to begin their influence attempts by gaining agreement and consensus about where the team or organization is headed.[93] It also is critical to widely communicate the vision among the team or entire organization.[94] People can't get excited about something they don't know about or don't understand.
- **The best leaders are not just transformational.** Effective leaders also rely on other task-oriented and relationship-oriented behaviors, and they avoid a laissez-faire or "wait-and-see" style. Use all types of leader behavior discussed in this chapter, when appropriate.
- **Transformational leadership affects outcomes at the individual, group, and organizational levels.**[95] Managers can use the four types of transformational leadership shown in Figure 13.5 (second column from left) as a vehicle to improve a host of important outcomes.
- **Transformational leadership works virtually.** If you lead geographically dispersed people, focus on how you can display the four transformational leader behaviors in your e-mails, tweets, webinars, and conference calls.[96]
- **Transformational leaders can be ethical or unethical.** While ethical transformational leaders enable employees to enhance their self-concepts, unethical ones select or produce obedient, dependent, and compliant followers.

Managers need to be more like Optimus Prime and his fellow transformers. That is, managers can be more effective by morphing their leadership styles to fit the situation at hand. Why do you think some people struggle with changing their leadership style across situations? © Gustavo Caballero/Getty Images

13.6 ADDITIONAL PERSPECTIVES ON LEADERSHIP

MAJOR QUESTION

How can more recent approaches to leadership improve my effectiveness at work?

THE BIGGER PICTURE

You are about to discover how leader–member exchange theory, humility, and characteristics of good followers can help you achieve your career aspirations.

Three additional perspectives on leadership deserve attention:

- Leader–member exchange (LMX) theory.
- The use of humility.
- A follower perspective.

The Leader–Member Exchange (LMX) Model of Leadership

Leader–member exchange (LMX) theory differs considerably from the theories already discussed because it focuses on the *quality of relationships* between managers and subordinates, as opposed to their behaviors or traits. It also does not assume that leader behavior is characterized by a stable or average leadership style.

Leader–member exchange (LMX) theory **is based on the assumption that leaders develop unique one-to-one relationships (exchanges) with each of the people reporting to them.** Behavioral scientists call this sort of relationship a *vertical dyad* (a dyad is something with two parts). The forming of vertical dyads is said to be a naturally occurring process, resulting from the leader's attempt to delegate and assign work roles. Two distinct types of LMX relationships are expected to evolve, in-groups and out-groups.[97]

In-Group vs. Out-Group Exchanges LMX relationships are based on the leader's attempt to delegate and assign work roles. This process results in two types of leader–member dyads.

- **In-group exchange: Creating trust and mutual obligation.** High in-group exchanges, also called high LMX, are characterized by a partnership of reciprocal influence, mutual trust, respect and liking, and a sense of common fate. These relationships become more social over time.
- **Out-group exchange: Creating more formality in expectations and rewards.** Out-group exchanges, also known as low LMX relationships, tend to focus on the economic exchange between leaders and followers. They tend to be more formal and revolve around negotiating the relationship between performance and pay. They do not create a sense of mutual trust, respect, or common fate.[98]

These two photos illustrate a core aspect of LMX theory. Leaders and followers with a positive "in-group exchange" tend to get along better and experience less conflict. In contrast, out-group exchanges are more likely to have a negative tone and more conflict. (left): © Fuse/Getty Images RF; (right): © John Lund/Nevada Wier/Getty Images RF

Does the Quality of an LMX Matter? Whether an LMX is high or low influences many important outcomes contained in the Organizing Framework. For example, a high LMX is associated with individual-level behavioral outcomes such as task performance, turnover, organizational citizenship, counterproductive behavior, and attitudinal outcomes such as organizational commitment, job satisfaction, and justice.[99] Differential treatment of team members (due to LMXs of different quality) can also be problematic. A team of researchers found that differential treatment among members of soccer, hockey, and basketball teams led to negative team atmospheres, which promoted poor perceptions of team performance.[100]

The above findings underscore how important it is for you to have a high LMX with your boss. We'll offer solutions for fixing a low LMX below, but for now let's consider how LMXs are formed.

How Are LMX Relationships Formed? The quality of an LMX is influenced by three categories of variables: follower characteristics, leader characteristics, and interpersonal relationship variables.[101]

1. **Follower characteristics.** Leaders tend to create higher LMXs with employees they perceive as possessing competence, positive personalities, agreeableness, conscientiousness, and extraversion. Do you possess these characteristics?
2. **Leader characteristics.** Leaders who use transactional and transformational leadership tend to have higher LMXs. Not surprisingly, so do extroverted and agreeable leaders.
3. **Interpersonal relationship variables.** Far too many interpersonal factors affect an LMX for us to discuss here, so we note three that have the greatest impact on a leader–member relationship. High LMXs tend to occur when the parties:
   - Trust each other.
   - Perceive themselves as similar in terms of interests (both like sports or action movies), values (both value honesty), and attitudes (both want work–life balance).
   - Like each other.

Your dyadic relationship with your boss changes over time. A team of researchers concluded this happens because "the variables that affect LMX interact and accumulate over time."[102] For example, your authors have both had relationships with bosses that changed from good to bad, and then back to good. This tells us that you should not easily give up on trying to improve a low LMX.

Managerial and Personal Implications of LMX Theory Here are three important managerial and personal implications of LMX theory.

- **Expectations matter.** Leaders are encouraged to establish high-performance expectations for *all* their direct reports, because favoritism and differential treatment lead to negative outcomes. Leaders should also communicate their view of relationships with their team.[103]

- **Diversity still counts.** Personality and demographic similarity between leaders and followers may be associated with higher LMXs, but managers should avoid creating a homogenous work environment just for the sake of having positive relationships with their direct reports. Diversity's many benefits are too powerful to be ignored.
- **The initiative is yours.** Positive actions can improve a poor LMX (see the Applying OB box). Take the lead rather than waiting for your boss to change the relationship. Self-Assessment 13.5 will help you diagnose the quality of your relationship with a boss and discover how you can improve it.

connect SELF-ASSESSMENT 13.5

Assessing Your Leader–Member Exchange

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 13.5 in Connect.

1. Are you surprised by the results? Explain.
2. Based on your results, what do you think are the key causes of your LMX with your boss? Be specific.

Applying OB

Tips for Improving the Quality of a Leader–Member Exchange

1. *Stay focused on your department's goals and remain positive about your ability to accomplish your own goals.* An unsupportive boss is just another obstacle to be overcome.
2. *Be careful about the emotions you show at work.* Anger generally is not a good emotion to display. Too much positivity can also be interpreted as unrealistic or silly. Emotions should be appropriate for the situation at hand.[104]
3. *Work on improving your relationship with your manager.* Begin by examining the level of trust between you and then try to improve it by frequently and effectively communicating. You can also increase trust by following through on your commitments and achieving your goals.
4. *Learn what your boss believes are the desired characteristics of a good performer.* Too many people fail to clarify expectations with their managers. For example, there are generational differences about what is appropriate dress at work. Violating these beliefs can land you in a poor LMX.[105]

TAKE-AWAY APPLICATION

Improving the LMX with My Boss

Using results from Self-Assessment 13.5 and the recommendations from the Applying OB box, answer the following questions:

1. What aspects of your LMX relationship are most in need of improvement?
2. What do you think are the main causes of the quality of your LMX?
3. What are three things you can do to improve your LMX?

The Power of Humility

Humility is a relatively stable trait grounded in the belief that "something greater than the self exists."[106] Although some think it is a sign of weakness or low self-esteem, nothing could be further from the truth.

Humble leaders tend to display five key qualities valued by employees: high self-awareness, openness to feedback, appreciation of others, low self-focus, and appreciation of the greater good.[107] Lazlo Bock, Google's senior vice president of people operations, said humility is one of the traits he's looking for in new hires. "Your end goal is what can we do together to problem-solve," explained Bock, adding it is not just humility in creating space for others to contribute, "it's intellectual humility. Without humility, you are unable to learn."[108]

We don't tend to see professional athletes as humble, but this one surely is recognized for this attribute. Larry Fitzgerald is a wide receiver for the Arizona Cardinals. He was selected for the Pro Bowl nine times and currently ranks as fifth in all-time receiving yards per game in NFL history. He also was the youngest NFL receiver to reach 11,000 career receiving yards. Despite these achievements, he does not assume he is good enough for the Hall of Fame. He is recognized for continually working on improving his game, being "nice" to opposing players, and being involved with charity and community-based organizations. © Christian Petersen/Getty Images

Although the scientific study of humility is relatively new, it has shown proven benefits for this trait. A Catalyst study of 1,500 workers in Australia, China, Germany, India, Mexico, and the United States revealed that employees felt included in their work teams when the boss was humble.[109] Another study conducted in China demonstrated cascading positive effects of CEO humility across two organizational levels. CEO humility positively influenced employee engagement, commitment, and performance.[110]

What can we conclude about humility in the context of OB? First, try to be more humble by changing the focus of your accomplishment from "me" to "we." Share credit with others. Second, a humble style is better than an arrogant or complacent one.[111] Third, an organization's culture can promote humility. Employee-owned construction company TDIndustries does so with its agreed-upon set of cultural norms: "No rank in the room, everyone participates—no one dominates, and listen as an ally." Employees also strive to be on a first-name basis with everyone.[112]

The Role of Followers in the Leadership Process

All the theories discussed in this chapter have been leader-centric. That is, they focused on understanding leadership effectiveness from the leader's point of view. We conclude the chapter by discussing the role of followers in the leadership process.

To start, note how leaders and followers are closely linked. You cannot lead without having followers, and you cannot follow without having leaders. Each needs the other, and the quality of the relationship determines how we behave as followers. This is why both leaders and followers must focus on developing a mutually rewarding and beneficial relationship.

Let's consider some possible types of followers and the steps you can take to be a better follower.

What Do Leaders Want from Followers? Followers vary in terms of the extent to which they commit to, comply with, or resist a leader's influence attempts. For example, one researcher identified three types of followers: helpers, independents, and rebels.[113]

- *Helpers* show deference to and comply with the leadership.
- *Independents* distance themselves from the leadership and show less compliance.
- *Rebels* show divergence from the leader and are least compliant.

Leaders obviously want followers who are:

1. Productive	4. Cooperative
2. Reliable	5. Proactive
3. Honest	6. Flexible

Leaders do not benefit from followers who hide the truth, withhold information, fail to generate ideas, are unwilling to collaborate, provide inaccurate feedback, or are unwilling to take the lead on projects and initiatives.[114]

What Do Followers Want from Leaders? Followers seek, admire, and respect leaders who foster three emotional responses in others:

- Significance
- Community
- Excitement

That is, followers want organizational leaders who make them feel what they do at work is important and meaningful, who foster a sense of unity that encourages people to treat others with respect and dignity and to work together, and who make them feel engaged and energized at work.[115]

How Can I Become a Better Follower? A pair of OB experts developed a four-step process for followers to use in managing the leader–follower relationship.[116]

1. **Understand your boss.** Gain an appreciation for your manager's leadership style, interpersonal style, goals, expectations, pressures, and strengths and weaknesses. One way is to ask him or her these seven questions:[117]
   a. How would you describe your leadership style? Does it change when you are under pressure?
   b. When would you like me to approach you with questions or information? Are any situations off-limits (like social events)?
   c. How do you want me to communicate with you?
   d. Do you have any preferred or unique ways of working?
   e. Are there behaviors or attitudes you won't tolerate? What are they?
   f. What is your approach to giving feedback?
   g. How can I help you?
2. **Understand your own style, needs, goals, expectations, and strengths and weaknesses.**
3. **Conduct a gap analysis between the understanding you have about your boss and the understanding you have about yourself.**
4. **Build on mutual strengths and adjust or accommodate your boss's divergent style, goals, expectations, and weaknesses.**[118] For example, you might adjust your style of communication in response to your boss's preferred method for receiving information. Or if the boss prefers participative decision making, consult him or her in all decisions regardless of your own style. Most managers are pushed for time, energy, and resources and are more likely to appreciate followers who save rather than cost them these. Avoid using your manager's time discussing trivial matters.

What Did I Learn?

You learned that being an effective leader requires appropriate leadership behavior that you can learn and develop. The integrated model of leadership allows you to understand the many factors contributing to leadership effectiveness. You also learned the importance of being a good follower. Reinforce your learning with the Key Points below. Consolidate your knowledge by using the Organizing Framework. Then challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 13

You learned the following key points.

13.1 MAKING SENSE OF LEADERSHIP THEORIES

- You do not need to have a formal position of authority to lead.
- Figure 13.2 shows an integrated model of leadership. The extent to which people effectively use the four key leader behaviors—task-oriented, relationship-oriented, passive, and transformational—is a function of demographic characteristics, intelligence and skills, task-oriented traits, and interpersonal attributes.
- Effective leadership requires effective managerial skills at some level.

13.2 TRAIT THEORIES: DO LEADERS POSSESS UNIQUE TRAITS AND PERSONAL CHARACTERISTICS?

- Table 13.1 summarizes the positive task-oriented traits and positive/negative interpersonal attributes leaders possess.
- Emotional intelligence contributes to transformational leadership and is positively associated with leader effectiveness.
- There are both similarities and differences in the leadership traits possessed by men and by women.
- Leaders need four key skills: cognitive abilities, interpersonal skills, business skills, and strategic skills.
- People hold mental prototypes of effective and ineffective leaders.

13.3 BEHAVIORAL THEORIES: WHICH LEADER BEHAVIORS DRIVE EFFECTIVENESS?

- Four categories of leader behavior are task-oriented, relationship-oriented, passive, and transformational.
- Task-oriented leadership includes the use of initiating structure and transactional leadership.
- Relationship-oriented leadership includes the use of consideration, empowerment, servant leadership, and ethical leadership.
- Followers experience psychological empowerment when leaders create perceptions of meaningfulness, self-determination or choice, competence, and impact.
- Servant-leadership focuses on increased service to others rather than ourselves. Servant-leaders display the characteristics in Table 13.3.
- Ethical leadership focuses on doing the right thing and establishing norms of ethical behavior.
- Passive leadership, also known as laissez-faire leadership, is demoralizing and makes employees feel unsupported. Avoid it!

13.4 CONTINGENCY THEORIES: DOES THE EFFECTIVENESS OF LEADERSHIP DEPEND ON THE SITUATION?

- Contingency theories are based on the idea that the effectiveness of leadership depends on the situation at hand.
- Fiedler believes leadership effectiveness depends on an appropriate match between leadership style and situational control. Leaders are either task- or relationship-oriented, and the situation is composed of leader–member relationships, task structure, and position power.
- House's path-goal theory holds that leader behaviors are effective when employees view them as a source of satisfaction or as paving the way to future satisfaction. In this respect, leaders exhibit eight styles or categories of leader behavior. In turn, the effectiveness of these styles depends on various employee characteristics and environmental factors.
- Researchers suggest a five-step approach for applying contingency theories.

13.5 TRANSFORMATIONAL LEADERSHIP: HOW DO LEADERS TRANSFORM EMPLOYEES' MOTIVES?

- Transformational leaders motivate employees to pursue organizational goals above their own self-interests.
- Transformational leaders rely on four unique types of leader behavior: inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation.
- Person and situation factors influence the extent to which people use transformational leadership.
- The use of transformational leadership has positive effects on followers and work groups. In turn, these positive effects foster positive individual, group, and organizational performance.

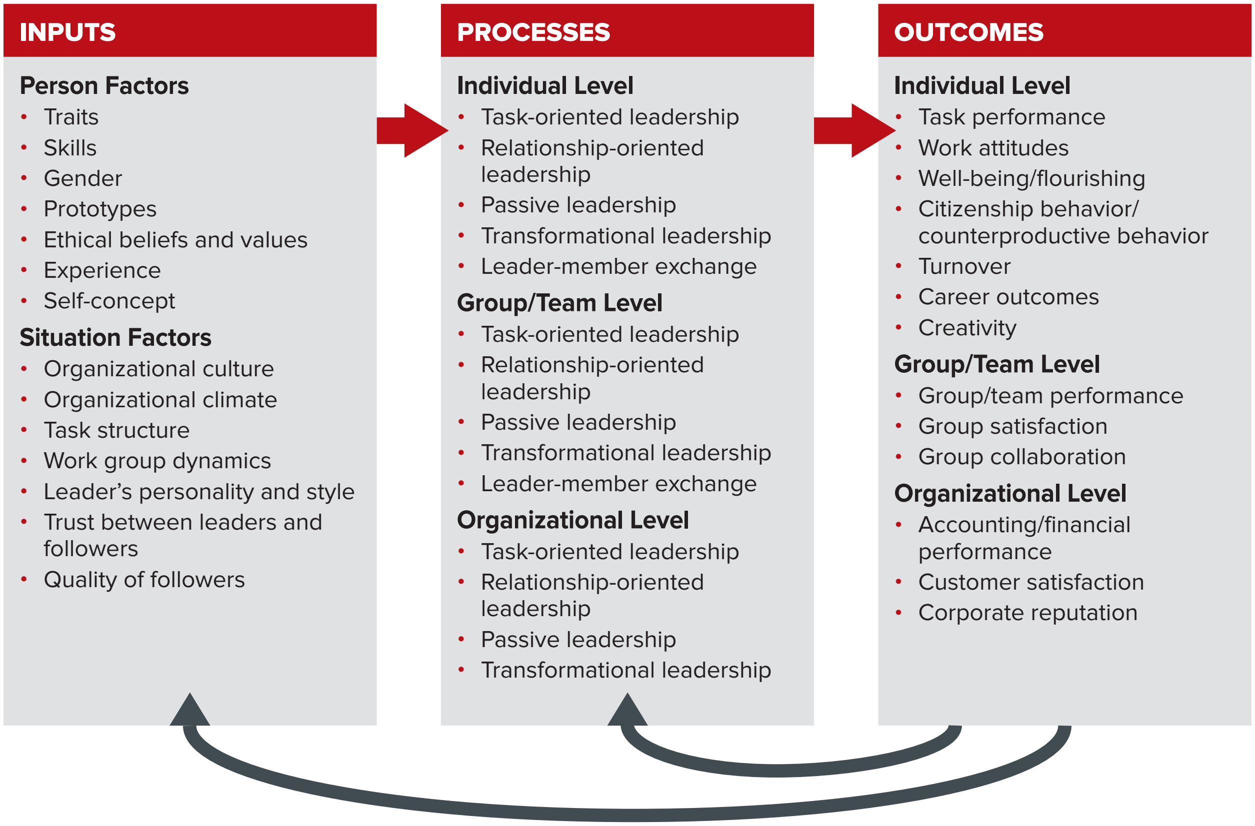
13.6 ADDITIONAL PERSPECTIVES ON LEADERSHIP

- The LMX model revolves around the development of dyadic relationships between managers and their direct reports. These leader–member exchanges result in either in-group or out-group relationships.
- Humility is a stable trait associated with the belief that something is more important than the self. Humble leaders exhibit five key qualities: high self-awareness, openness to feedback, appreciation of others, low self-focus, and appreciation of the greater good.
- It is hard for leaders to be effective if they have poor followers. Leaders want followers who are productive, reliable, honest, cooperative, proactive, and flexible. People are more likely to be positive followers when the leader creates feelings of significance, community, and excitement.
- To improve the relationship with a boss, followers should first understand the boss. Second, followers should understand their own style, needs, goals, expectations, and strengths and weaknesses. Third, they should conduct a gap analysis between the understandings they have about their boss and about themselves. Finally, followers can build on mutual strengths and adjust to or accommodate the leader's different style, goals, expectations, and weaknesses.

The Organizing Framework for Chapter 13

As shown in Figure 13.6, you learned a host of person and situation factors that influence the leadership processes identified in the figure. You also understand the breadth and power of leadership by looking at the Outcomes box of the framework. Here you see the individual-, group/team-, and organizational-level outcomes affected by leadership.

FIGURE 13.6 THE ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



Challenge: Major Questions for Chapter 13

You now should be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 13.6, the chapter itself, and your notes to revisit and answer the following major questions:

1. How does having an integrated model of leadership help me become an effective leader?
2. How can I use trait theories to improve my ability to lead?
3. Do effective leaders behave in similar ways?
4. How do I know when to use a specific leader behavior?
5. How can I use transformational leadership when working with others?
6. How can more recent approaches to leadership improve my effectiveness at work?

IMPLICATIONS FOR ME

This chapter underscores six implications for you. First, give some thought to whether you want a managerial or leadership role in your career. It's not for everyone. For example, if you don't like to participate in meetings, this role is not for you. Self-Assessment 13.1 was created to help with this decision. Second, the more you look and act like someone's prototype of a leader, the more he or she will see you that way. This implies that you should seek to understand your employer's expectations of leadership. Third, experiment with the full repertoire of leadership behaviors at school and work. If you reflect on the experience, it will help you understand the situational aspect of leadership. Fourth, try being more transformational at meetings. You can do this by demonstrating the four key behaviors underlying transformational leadership. Fifth, take responsibility for your relationship with your boss. You can improve this relationship by following our recommendations about being a good follower. Finally, get feedback on your leadership. It's the only way to improve.

IMPLICATIONS FOR MANAGERS

There are seven implications for managers. First, take stock of the task-oriented traits and interpersonal attributes needed to lead. Second, find out how others are assessing your leadership. You won't get promoted if people perceive you lack leadership ability. Third, experiment with a contingency approach toward leadership. This requires you to gain perspective about the different leadership behaviors your followers may need. Fourth, being mindful can improve your leadership. Revisit our discussion of mindfulness in Chapter 7 and incorporate mindfulness techniques into your leadership. Fifth, try to develop positive relationships with all your followers. Sixth, be a good follower to your boss. Finally, get feedback on your leadership. It's the only way to improve.

PROBLEM-SOLVING APPLICATION CASE

The University of Virginia President Leads through Multiple Crises

The University of Virginia (UVA) was founded in 1819 by Thomas Jefferson. The university's current mission is as follows:

> The University of Virginia is a public institution of higher learning guided by a founding vision of discovery, innovation, and development of the full potential of talented students from all walks of life. . . . We are defined by:
>
> - Our enduring commitment to a vibrant and unique residential learning environment marked by the free and collegial exchange of ideas;
> - Our unwavering support of a collaborative, diverse community bound together by distinctive foundational values of honor, integrity, trust, and respect;
> - Our universal dedication to excellence and affordable access.[119]

Teresa Sullivan became UVA's first female president in 2010, taking over for John Casteen, a charismatic leader who was highly adept at fund-raising. Fund-raising is a key role for university presidents. Sullivan's previous job was as provost of the University of Michigan. She had never before served as a university president, reported to a board of directors, or been responsible for raising money, according to *Fortune*. *Fortune* reporter Patricia Sellers recently concluded that in her presidency, "Sullivan has been unspectacular when it comes to fund-raising, which is particularly crucial at a time of diminishing state funding."[120]

Sellers described President Sullivan as "pleasant and plainspoken" and noted she came across "more like a grandmother than a chief executive." During their interview, Sullivan said that the public places too much emphasis on leadership, which results in placing too much blame on leaders. She also commented that her goal is to be "a sustainable leader who builds a team and leads collaboratively," and that she has "a burning desire to solve problems."[121]

Others who work with Sullivan describe her as extremely smart and analytical—she graduated first in her class in high school and obtained a PhD in sociology from the University of Chicago.

Sullivan described herself to Sellers as being "inclined toward introspection and not letting the emotion overtake that." She also admitted that she tends to shut down in a crisis and doesn't want to be viewed as emotional, because "There's a negative stereotype of women being overemotional and thus not able to lead." Sullivan articulated her leadership strategy as, "Don't overreact. Reason my way to a solution. And keep the good of the school in front of me."[122]

SITUATIONAL FACTORS AFFECTED SULLIVAN'S LEADERSHIP

Three significant events affected Sullivan's leadership. The question is whether she used the best form of leadership in each situation.

1. UVA's board asked Sullivan to leave.

The board, which consists of members appointed by the state's governor, elected a chair—Helen Dragas—who did not get along with Sullivan. Dragas, who has a BA and MBA, leads a real estate development company, is tough-minded, and according to *Fortune* possesses a personality that conflicts with Sullivan's. Dragas was unhappy with Sullivan's strategy for online education and pushed Sullivan to come up with a new plan. Sullivan resisted this pressure and failed to provide a detailed plan, disappointing the board. In a surprise move, Dragas asked Sullivan to sign a resignation letter in June 2012. The board believed faculty and students disliked the president, and Dragas told Sullivan the board had lost confidence in her leadership. Critics also noted that the university's ranking in *U.S. News & World Report* had dropped from No. 15 in 1988 to No. 25 in 2015; it dropped to No. 26 in 2016.[123] National rankings are very important to most universities.

Ten days later, Sullivan was set to give her resignation address to the board when a major protest developed on campus. Thousands of people gathered to defend Sullivan and demand her reinstatement. The governor pressured the board to resolve the situation, and the board reinstated Sullivan as president. Dragas told *Fortune* that none of this would have happened had the president submitted "a concrete strategic and financial plan."[124] Sullivan decided to return as president and displayed no residual anger toward the board.

2. A student was murdered, and *Rolling Stone* published an article about alleged gang rape on campus.

Sullivan learned in September 2015 that student Hannah Graham was missing. As police searched for Graham, Sullivan met with her parents. "There was no news I could give them that they didn't already have. They wanted to talk about Hannah, and I wanted to listen," she told *The Washington Post.* Sadly, Graham's body was found off campus and a man was arrested and charged with her murder. John Graham, Hannah's father, told the *Post* that "President Sullivan and other members of the University . . . were extremely supportive at the time of Hannah's disappearance, and remain so."[125]

Another crisis erupted when *Rolling Stone* published a story about an alleged gang rape at Phi Kappa Psi, one of UVA's fraternity houses. The article stated that UVA "fostered a culture of rape" and that the gang rape was "part of an initiation ritual and the university officials had actively tied to sweep it under the rug."[126] Sullivan left the country for Amsterdam a few hours after the story erupted to attend an academic conference. Three days later she suspended social activities at all fraternities and sororities. Some thought Sullivan's response was an overreaction because the facts were still being investigated. Ultimately, *Rolling Stone* admitted the story had discrepancies and it was later totally discredited. The Charlottesville police department found no evidence of rape, and several lawsuits against the magazine are currently pending.[127]

While all this was going on, the Phi Kappa Psi house was vandalized and members were threatened. Demonstrators on campus also called for removal of the Greek system. Others felt Greeks had suffered because of the manner in which Sullivan responded to the crisis.[128]

The alleged rape case also led to a change at UVA that was worked out by students and Sullivan's staff. A collaborative agreement was developed that specified "at least three 'sober and lucid' fraternity members will monitor behavior at parties where 'jungle juice' and other potent alcohol punches will be banned along with beer in kegs. Guest lists are to be tightly enforced at the door. One monitor will be in charge of watching frat-house bedrooms with a sets of keys to guard against sexual assaults." *The New York Times* concluded that "the new code focuses candidly on already well-known frat-culture excesses that for too long have invited uncontrolled and even criminal behavior on some campuses."[129]

3. Race-related issues took the stage.

In March 2015, an African American student, Martese Johnson, suffered head injuries while being arrested by white Alcoholic Beverage Control police officers outside a bar. The situation was inflamed by the fact that Johnson served as vice-chair of the student honors committee, and racial unrest in the United States was high due to events in Ferguson, Missouri, and New York City. Johnson pleaded not guilty to charges of public intoxication and obstruction of justice.

Students began protesting on campus within 24 hours of Johnson's arrest. Sullivan responded by contacting the governor and asking for an investigation. She also released a statement about wanting to find the truth surrounding this situation. The new student council president said Sullivan "has struggled to provide the emotional leadership that the community needs."[130]

As Sullivan reflected on the fact that the board was debating whether to renew her contract, set to expire in July 2016, she noted that it was a mistake to leave campus after the *Rolling Stone* article. She does believe it was a good decision, however, to suspend social activities within the Greek system. According to *Fortune,* Sullivan would like to remain as president of UVA, but "she doesn't know if she has cemented enough board support to win a new contract."[131]

APPLY THE 3-STEP PROBLEM SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework in Figure 13.6 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of Teresa Sullivan.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 13.6. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 13.6 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box shown in Figure 13.6. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 13 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Martin Shkreli, former CEO of Turing Pharmaceuticals, Exorbitantly Raises the Price of a Much-Needed Drug

Martin Shkreli was CEO of Turing Pharmaceuticals when it purchased the 62-year-old drug called Daraprim and quickly raised the price of one pill from $13.50 to $750. As a result the average cost of treatment with the drug rose from about $1,130 to $63,000. Experts suggest it could rise to $634,000 for some patients.[132]

What is Daraprim? According to a *Vanity Fair* reporter, "Daraprim is on the World Health Organization's List of Essential Medicines because it treats toxoplasmosis, a parasitic infection that is particularly dangerous to pregnant women, people with compromised immune systems, and the elderly. In that vulnerable population it can lead to seizures, blindness, birth defects in babies of infected mothers, and, in some cases, death. For decades, there wasn't any competition to Daraprim for the simple reason that there wasn't much money to be made selling it."[133]

During a CBS interview Shkreli was asked why he raised the price of the drug so dramatically. He responded, "Well, it depends on how you define so drastically. Because the drug was unprofitable at the former prices, so any company selling it would be losing money. And at this price it's a reasonable profit. Not excessive at all."[134] He went on to say that he was being altruistic because other pharmaceutical companies have not focused on this drug. He indicated that the profit would be spent on research into curing toxoplasmosis.

Dr. David Argus, an oncologist and CBS News commentator, disagreed. "Patients shouldn't be taxed for and charged for future research and development. Patients should pay for the drug they're getting and what they need in the situation that they are in," he said. Argus believed Shkreli was using a "predatory practice" that was "inappropriate."[135]

The US government's House Committee on Oversight and Government Reform studied this case and concluded that Shkreli "purchased it [Daraprim] for the purpose of increasing the price dramatically and making hundreds of millions of dollars by exploiting monopoly before any competitors could enter the market."[136]

Shkreli told the board chair at Turing that "Turing was making big progress toward acquiring Daraprim." Shkreli was ecstatic, writing, "$1 bn here we come." In another e-mail he wrote, "I think it [the acquisition] will be huge. We raised the price from $1,700 per bottle to $75,000. . . . So 5,000 paying bottles at the new price is $375,000,000—almost all of it is profit and I think we will get three years of that or more."[137]

What Would You Recommend if You Were a Member of the US Government's Oversight Committee?

1. The price rise is legal, but I don't like it. It's price gouging and needs to be stopped. I would advocate for a national policy that regulates the pricing of specialty drugs like Daraprim.
2. Our economy is based on capitalism and Shkreli is not breaking any laws. The government should leave market forces to operate on their own.
3. I think Shkreli is trying to maximize profits while also being a servant-leader. After all, he says he wants to reinvest the profits into additional research and development. I think we should establish a policy that allows makers of specialty drugs like Turing a reasonable profit. This can be computed by considering the average levels of profit obtained at other drugmakers.
4. Invent other options.

part three

Organizational Processes

14 ORGANIZATIONAL CULTURE, SOCIALIZATION, AND MENTORING

How Can I Use These Concepts to Fit, Develop, and Perform?

Major Topics I'll Learn and Questions I Should Be Able to Answer

14.1 The Foundation of Organizational Culture: Understanding Its Drivers and Functions

MAJOR QUESTION: ***What is culture and why is it helpful to understand its layers and functions?***

14.2 The Impact of Organizational Culture Types on Outcomes

MAJOR QUESTION: ***How are different types of organizational culture related to outcomes?***

14.3 Mechanisms or Levers for Culture Change

MAJOR QUESTION: ***What mechanisms or levers can I use to implement culture change?***

14.4 Embedding Organizational Culture through the Socialization Process

MAJOR QUESTION: ***How can I integrate the findings of socialization research with the three phases of socialization?***

14.5 Embedding Organizational Culture through Mentoring

MAJOR QUESTION: ***How can I use mentoring to foster personal and professional success?***

The Organizing Framework in Figure 14.1 summarizes what you will learn in this chapter. Two person factors—human and social capital—and four situation factors—culture types, leader behavior, organizational climate, and human resource practices and policies—influence key processes at the individual, group, and organizational levels. In turn, these key processes support positive outcomes at all three levels. Concepts we discuss in this chapter have greater impact on individual and organizational outcomes than on group ones.

FIGURE 14.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Human capital
- Social capital

Situation Factors
- Culture types
- Leader behavior
- Organizational climate
- Human resource practices and policies

PROCESSES

Individual Level
- P-O fit
- Socialization
- Mentoring

Group/Team Level
- Group dynamics
- Department/unit culture

Organizational Level
- Culture
- Socialization
- Mentoring

OUTCOMES

Individual Level
- Work attitudes
- Employee behaviors
- Career outcomes
- Task performance
- Turnover

Group/Team Level
- Group/team performance
- Group cohesion and conflict

Organizational Level
- Accounting/financial performance
- Customer service/satisfaction
- Innovation
- Product/service quality
- Operational efficiency

The Walt Disney Company was founded in 1923 by brothers Walt and Roy Disney. The company is much more than its theme parks. Today Disney is a diversified multinational mass media and entertainment company headquartered in Burbank, California. The company has a long reputation of having a strong culture aimed at being innovative and a fun place to work. In recognition of this theme, the Walt Disney Company was ranked as the 5th most Admired Company in 2016 by *Fortune*. Here we see a manifestation of the company's culture in front of Cinderella's Castle at Walt Disney World, Orlando, Florida. Thousands of families visit their theme parks to have fun and enjoy the outstanding service provided by employees. The strong customer-driven culture established by the Disney brothers is alive and well. This chapter will help you understand how companies like Disney create such cultures.

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Winning at Work

How Would I Assess Person–Organization Fit (P-O) When Applying for Jobs?

Fitting in is important to everyone. When I was 7, my father put me on a baseball team composed of 8- and-9-year-old boys. He thought it would be good for my development, but I was smaller and less skilled than the other boys, and they treated me like an outsider who didn't fit in. It did not help that I was the coach's son. I hated the experience.

I also experienced a lack of fit at some of my early job positions. I valued things others did not and believed people were engaging in counterproductive actions. Some of my peers loved the job, the boss, and the work environment. They could not understand why I wasn't happy, but I felt disengaged and started looking for a new job. That experience opened my eyes to the importance of "fitting in" at work.

What Does It Mean to Fit?

Person–environment fit (P-E) **is "the compatibility between an individual and a work environment that occurs when their characteristics are well matched."**[1] Although there are many types of fit, we are interested in ***person–organization fit (P-O),*** **which reflects the extent to which your personality and values match the climate and culture in an organization.** P-O fit matters because good fit is associated with more positive work attitudes and task performance, lower intentions to quit, and less stress.[2] The process of assessing fit begins during the recruiting phase. Your goal should be to discover whether you and the job or the organization are a good fit for each other.[3]

Fitting in at work is like doing a puzzle. When the pieces fit in the right pattern, all is well.
© Corbis/Punchstock RF

How Can I Assess P-O Fit?

Assessing P-O fit will take some effort on your part. First, conduct an evaluation of your strengths, weaknesses, and values. Next, do the same for the company or department at hand by doing research about it online or talking with current employees. With this information you can prepare a set of diagnostic questions to ask during the interview process.[4] For example, if you value recognition for hard work, ask a recruiter how the company rewards performance. If the answer does not support a strong link between performance and rewards, you probably will have a low P-E fit and will not be happy working at this company.

A Take-Away Application later in this chapter will help you practice the process of assessing person–organization fit.

How Can I Improve My Level of Fit?

- Find ways to build your strengths into your work role. Talk to your boss about how to redesign or modify your job to incorporate your strengths.
- Decide whether weaknesses are affecting your performance. If they are, seek developmental opportunities, coaching, or mentoring. If that does not work, find another role.
- Assess any misalignment between your values and those endorsed by the company. You can do this by writing down your five most important values and comparing them to your employer's stated values. If they don't overlap and you can't accept the discrepancy, it's time to move on.
- If you don't fit at one job or location, consider a lateral move to another department. You may just need a different role or boss.[5]

What's Ahead in This Chapter

This chapter begins your study of macro-level organizational behavior from the perspective of the organization as a whole. We start by exploring the foundation of organizational culture so you can understand its drivers and functions. Next, we review the four key types of organizational culture and consider their relationships with various outcomes. This is followed by a discussion of ways managers can change organizational culture. Finally, we discuss how socialization and mentoring serve to embed organizational culture, and we focus on how you can use knowledge of these processes to enhance your career success and happiness.

14.1 THE FOUNDATION OF ORGANIZATIONAL CULTURE: UNDERSTANDING ITS DRIVERS AND FUNCTIONS

MAJOR QUESTION

What is culture and why is it helpful to understand its layers and functions?

THE BIGGER PICTURE

Although you may have a small impact on your employer's organizational culture, you undoubtedly are affected by it. Culture affects outcomes at the individual, group, and organizational level. You are about to learn what creates organizational culture and how culture affects other organizational processes. You also will identify the three levels that constitute culture and the functions it serves for organizations.

The saying "Culture eats strategy for breakfast" was attributed to management expert Peter Drucker. But it really caught everyone's attention when Mark Fields, CEO of Ford Motor Co., used it in 2006. The slogan currently hangs in the company's "war room," a meeting place where executives discuss the execution of Ford's corporate strategies. Ford's former CEO Alan Mulally created the room, which contains charts, graphs, and lists of products. The culture slogan serves as a reminder of the impact of organizational culture on Ford's success.[6] Others agree with Ford's emphasis on organizational culture.

Alan Murray, *Fortune* editor, studied the annual Best Companies to Work For lists and concluded that great companies don't just provide "free food, generous benefits, and nap pods (although those clearly don't hurt)." He believes that culture is the essence of what makes great companies. "Today's workers are looking for a corporate culture that values them and their contributions," he said.[7]

Bruce Arians, head coach of the Arizona Cardinals NFL team, also believes in the power of corporate culture. When asked by a reporter to comment on the team's success over two recent seasons—the Cardinals won 34 of 48 regular-season games—he said, "It's the culture in your locker room. Culture beats talent anytime, and we have great culture, great leadership, and great accountability in our locker room."[8]

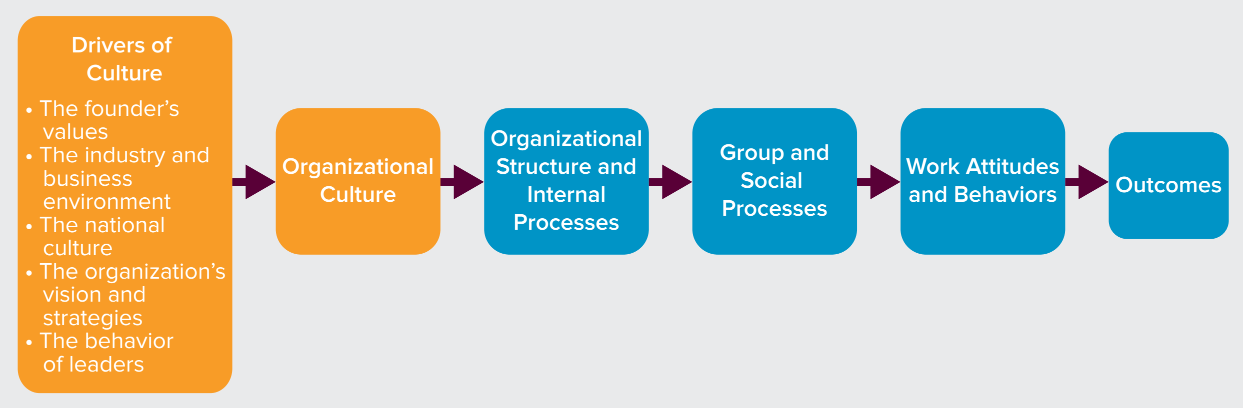
One of our primary goals in this chapter is to help you understand how managers can use organizational culture as a competitive advantage. We start by considering the foundation of organizational culture.

Defining Culture and Exploring Its Impact

***Organizational culture* is defined as "the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments."**[9] This definition highlights four important characteristics of organizational culture:

- **Shared concept.** Organizational culture consists of beliefs and values shared among a group of people.
- **Learned over time.** Culture is passed to new employees through the processes of socialization and mentoring, discussed later in this chapter.

FIGURE 14.2 DRIVERS AND FLOW OF ORGANIZATIONAL CULTURE



SOURCE: Adapted from C. Ostroff, A. J. Kinicki, and R. S. Muhammad, "Organizational Culture and Climate," in *Handbook of Psychology,* vol. 12, 2nd ed., I.B. Weiner, N.W. Schmitt, and S. Highhouse, eds. (Hoboken, NJ: Wiley, 2013), 643–676. Reprinted with permission of John Wiley & Sons, Inc.

- **Influences behavior at work.** Its influence on behavior is the reason "culture eats strategy for breakfast."
- **Affects outcomes at multiple levels.** Culture affects outcomes at the individual, group/team, and organizational levels.

Figure 14.2 provides a conceptual framework for understanding the drivers and effects of organizational culture. Five elements drive organizational culture:

- The founder's values.
- The industry and business environment.
- The national culture.
- The organization's vision and strategies.
- The behavior of leaders.

In turn, organizational culture influences the type of organizational structure a company adopts and a host of internal processes (including human resource practices) it implements in pursuit of its goals. These organizational characteristics then affect a variety of group and social processes.[10] This sequence ultimately affects employees' work attitudes and behaviors and a variety of organizational outcomes. All told, Figure 14.2 tells us that organizational culture has a wide span of influence, ultimately influencing many individual, group, and organizational outcomes.[11] Once again, this is the reason culture eats strategy for breakfast.

The Three Levels of Organizational Culture

Organizational culture operates on three levels:

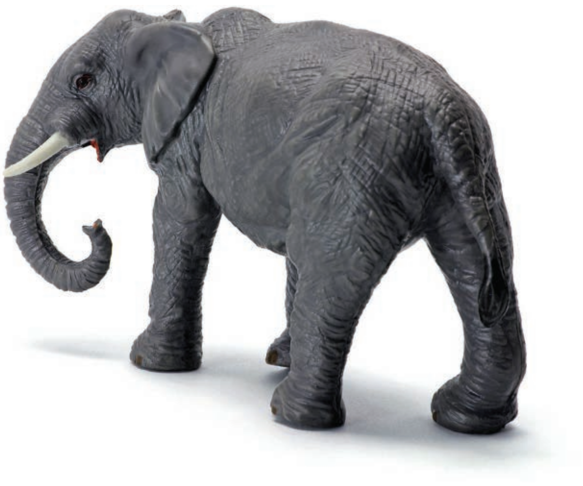
1. Observable artifacts.
2. Espoused values.
3. Basic underlying assumptions.

These levels differ in their visibility and resistance to change, and each one influences another. Let's look at them one by one.

Level 1: Observable Artifacts At the most visible level, culture consists of observable artifacts. ***Artifacts*** **are the physical manifestation of an organization's culture.** They include:

- Acronyms.
- Manner of dress.
- Awards.

- Myths and stories told about the organization.
- Published lists of values.
- Observable rituals and ceremonies.
- Special parking spaces.
- Pictures and images handing on walls.



Annabelle the Elephant is an artifact of the corporate culture at Kayak.com, provided as a catalyst to make sure employees do not ignore an important but difficult topic, the so-called elephant in the room. Can you think of other artifacts that might prime people to give honest feedback? © photonic 2/Alamy RF

At Facebook, for example, the word *hack* is pasted all around offices. It symbolizes "the hacker way" of pursuing continuous improvement and challenging the status quo.[12] Kayak.com, an online travel company, uses a two-foot-tall stuffed elephant named Annabelle as an artifact. Annabelle sits in a specially designed conference room reserved for sensitive meetings or discussions. Paul English, cofounder and chief technology officer, created the room because Kayak's open floor plan does not lend itself to discussions of touchy matters. Annabelle is the "elephant in the room," the difficult topics discussed there. The company feels Annabelle and the conference room have led to more honest and constructive communications among employees.[13] Artifacts are easier to change than the less visible aspects of organizational culture.

Level 2: Espoused Values Values were defined in Chapter 2 as abstract ideals that guide our thinking and behavior across all situations. In the context of organizational culture, we distinguish between values that are espoused and values that are enacted.

- ***Espoused values*** **are the explicitly stated qualities and norms preferred by an organization.** They are generally established by the founder of a new or small company and by the top management team in a larger organization. Most companies have a short list. For example, Ikea's espoused values are humility, willpower, simplicity, togetherness, and enthusiasm.[14] Google and Zappos each have 10 espoused values.

Because espoused values are explicitly communicated to employees, managers hope they will directly influence employee behavior. But people do not always automatically "walk the talk." Leadership at CVS Health recognized this gap and made a key strategic change to align its stated values with its actions.

EXAMPLE A landmark moment in the company's transformation came early last year [2014] when [CEO Larry] Merlo announced that CVS would cease selling tobacco products by October 1, 2014—a deadline it met nearly a month early. The decision meant sacrificing about $2 billion in sales. Led by Merlo, CVS's executive team decided that continuing to sell cigarettes had become untenable for a company that was simultaneously trying to sell itself as a health care giant.[15]

- ***Enacted values*** **are the qualities and norms that are exhibited or converted into employee behavior.** These are values employees ascribe to an organization based on their observations of what occurs on a daily basis. As at CVS, managers should reduce gaps between espoused and enacted values because they can significantly influence employee attitudes and organizational performance.

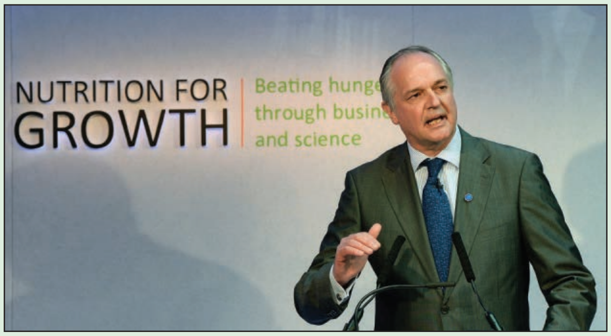
A survey from the Ethics Resource Center showed that employees were more likely to behave ethically when management set a good behavioral example and kept its promises and commitments.[16] This finding was underscored by another study of 129 mergers. Employees were more productive and post-merger performance was higher when employees believed that behavior was consistent with the newly formed firm's espoused values.[17]

Level 3: Basic Underlying Assumptions ***Basic underlying assumptions*** **are organizational values so taken for granted over time that they become assumptions guiding organizational behavior.** Underlying assumptions are employees' deep-seated beliefs about their company and are the core of organizational culture. As you might expect, they are highly resistant to change. Consider the way Unilever CEO Paul Polman reinforces a core belief in sustainability (see the OB in Action box).

Sustainability **is "a company's ability to make a profit without sacrificing the resources of its people, the community, and the planet."**[18] Achieving sustainability is sometimes called "being green" and has become a priority for many companies.

OB in Action

Unilever Promotes a Sustainability Culture



Paul Polman, CEO of Unilever.

When Paul Polman took over as CEO of Unilever in 2009, he told Wall Street analysts that the company would no longer provide earnings guidance and quarterly profit statements. This is unheard of! Analysts revolted and the stock price immediately dropped.

What Was Polman Trying to Accomplish? Polman wanted to instill a deep-seated belief regarding sustainability within all employees at Unilever. He started this effort by establishing three key sustainability focus areas: improving health and well-being, reducing environmental impact, and enhancing livelihoods.[19] The company also set a goal to "double the size of our business while reducing our environmental footprint and increasing our positive social impact."[20] The company wanted to (1) improve the well-being of 1 billion people by influencing them to wash their hands and brush their teeth and by selling foods with less salt and fat, and (2) improve "the lives of 2 million children and their mothers by 2016 by providing access to health workers, basic nutrition, and life-saving interventions."[21]

Unilever also modified its sourcing policies—the requirements for doing business with the company. These now include the following:

1. Business is conducted lawfully and with integrity.
2. Work is conducted on the basis of freely agreed and documented terms of employment.
3. Workers are treated equally and with respect and dignity.
4. All workers are of an appropriate age.
5. Workers' health and safety are protected.

6. Land rights of communities including indigenous peoples will be protected and promoted.
7. Business is conducted in a manner which embraces sustainability and reduces environmental impact.[22]

Polman told investors, "If you don't buy into this [sustainability], I respect you as a human being, but don't put your money in our company." He believes shareholder return should not override nobler goals. He also said, "Our purpose is to have a sustainable business model that is put at the service of the greater good. It's as simple as that."[23]

What Are the Results of Unilever's Push for a Sustainability Culture? Polman believes employees are now more engaged and the company is a more desirable place to work. The company is making money and contributing to the greater good. According to the Dow Jones Sustainability Report, in "2014 the company enjoyed its fifth consecutive year of top and bottom line growth. Since 2008, the company has reduced costs by EUR 400 million by cutting raw and packaging materials and reducing disposed waste. As of 2014, 33 percent of the company's food and refreshments products met the highest nutritional standards for their respective product categories, based on globally recognized dietary guidelines, contributing to improved diets for 55 million people."[24]

Employees at Unilever say that "doing good is in the company's DNA." This is what we call a basic underlying assumption![25]

YOUR THOUGHTS?

1. What do you think was the driving force behind Polman's desire to create a culture of sustainability?
2. Do you agree with Polman about the tangible business benefits of Unilever's cultural values? Why or why not?
3. Whether you agree with Polman or not, was he wise to tell investors not to put money in Unilever if they did not also buy into its sustainability plan? Why or why not?

The Four Functions of Organizational Culture

An organization's culture fulfills four important functions (see Figure 14.3):

1. Establish organizational identity.
2. Encourage collective commitment.
3. Ensure social system stability.
4. Act as sense-making device.

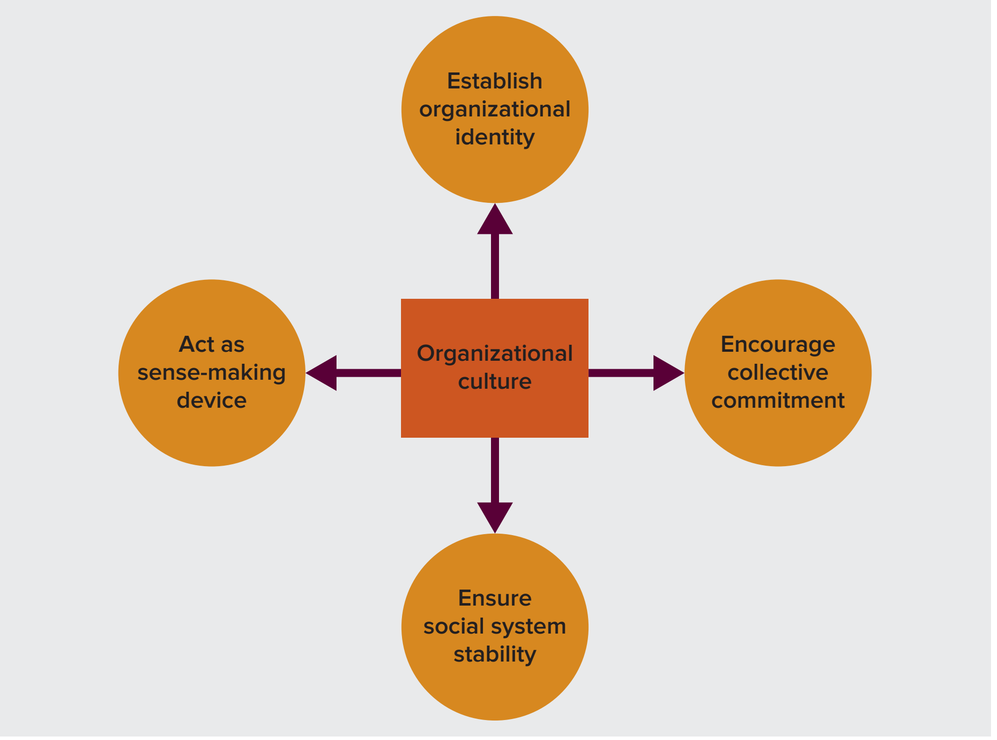
To help bring these four functions to life, let's consider how each has taken shape at Southwest Airlines. Southwest has grown to serve more customers domestically than any other airline and has achieved 43 consecutive years of profitability. The company has been on *Fortune's* list of Most Admired Companies in the World for 22 consecutive years, and it was named 2015 Airline of the Year by *Air Transport World*.[26]

Function 1: Culture Provides Employees with an Organizational Identity

The identity of Southwest Airlines employees is focused on the belief that employee satisfaction and customer loyalty are more important than corporate profits. Gary Kelly, Southwest's CEO, highlighted this theme by noting, "Our people are our single greatest strength and our most enduring long-term competitive advantage."[27]

Southwest reinforces this identity by demonstrating in a variety of ways that it truly cares about its employees. The company's catastrophe fund, for instance, is based on

FIGURE 14.3 FOUR FUNCTIONS OF ORGANIZATIONAL CULTURE



SOURCE: Adapted from discussion in L. Smircich, "Concepts of Culture and Organizational Analysis," *Administrative Science Quarterly,* September 1983, 339–358. Copyright 1983. Reprinted with permission of Sage Publications, Inc.

voluntary contributions for distribution to employees experiencing serious personal difficulties. Its profit-sharing program paid out $620 million in 2016, adding about 15.6 percent to each employee's compensation.[28] Southwest's people-focused identity also is reinforced by the fact that it is an employer of choice. The company received 371,202 résumés for 6,370 job openings in 2015. It also was rated as providing outstanding opportunities for women and Hispanics by *Professional Women* magazine and *Hispanic* magazine, respectively, and the National Conference on Citizenship ranked Southwest as one of The Civic 50 for its use of time, talent, and resources in civic engagement.

Function 2: Culture Facilitates Collective Commitment The mission of Southwest Airlines is to dedicate itself to "the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit."[29] This commitment to serving others is endorsed by the company's nearly 49,000 employees. It was rated as providing the best customer service in 2014 by Temkin Experience Ratings, the fourth time it had received the top rating for an airline.[30] Southwest also received the lowest ratio of complaints to passengers boarded of all major U.S. airlines, based on statistics accumulated by the Department of Transportation since September 1987. Commitment to service doesn't just apply to customers at Southwest. Employees volunteered more than 130,000 hours to national and local nonprofit organizations.[31]

Function 3: Culture Promotes Social System Stability Social system stability is the extent to which the work environment is perceived as positive and reinforcing, and the extent to which conflict and change are effectively managed. Southwest is noted for its philosophy of having fun, holding parties, and celebrating. For example, staff in each city in which the firm operates are given a budget for parties. The company also uses a variety of performance-based awards and service awards to reinforce employees' efforts. Its positive and enriching environment is supported by the lowest turnover rates in the airline industry. In 2015 Southwest also was recognized as one of the best places to work in the Glassdoor Employees' Choice Awards.[32]

This photo demonstrates Southwest's culture. Employees are having fun in an airport terminal to lighten what can be a frustrating experience for passengers. Do you think these employees can lift the spirits of the travelers in the background? © Denver Post/Getty Images

Function 4: Culture Shapes Behaviors by Helping Members Make Sense of Their Surroundings Making sense of the surroundings is what helps employees understand why the organization does what it does and how it intends to accomplish its long-term goals. Keeping in mind that Southwest's leadership originally viewed ground transportation as its main competitor in 1971, employees understand why the airline's primary vision is to be the best short-haul, low-fare, high-frequency, point-to-point carrier in the United States. Employees know they must achieve exceptional performance, such as turning a plane around in 20 minutes, because they must keep costs down to compete against Greyhound and automobiles. In turn, the company reinforces the value it places on outstanding customer service and high performance by using performance-based awards and profit sharing. Employees own about 13 percent of the company stock.[33]

TAKE-AWAY APPLICATION

Assessing the Levels of Culture at My Current Employer

Answer the following questions by considering your current or a past employer. (If you do not yet have experience as an employee, substitute your current school/university or a company you are researching as an employer of choice.)

1. What artifacts can you see at work? What do these artifacts tell you about your employer?
2. What are the company's espoused values? Do you think management's enacted behaviors are consistent with these espoused values?
3. Identify three key beliefs you have about your employer: You may want to ask a work colleague the same question. Are these beliefs consistent with the meaning of the artifacts you described in answering question 1?
4. How does your employer's culture compare to that of Southwest?

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

MAJOR QUESTION

How are different types of organizational culture related to important outcomes?

THE BIGGER PICTURE

Do you think companies rated on *Fortune*'s List of 100 Best Places to Work might have unique cultures? How do we know what type of culture exists at these companies or your current employer? In this section you will learn about the four types of culture defined by the competing values framework. You will also discover the extent to which these four culture types are related to important outcomes.

To learn how different types of culture relate to outcomes, we need a way to classify culture types. While the complexity of culture makes agreement on a set of types difficult to reach, academics have proposed and scientifically tested three different frameworks. The *competing values framework* we discuss here is the most widely used. It also was named one of the 40 most important frameworks in the study of organizations and has been shown to be a valid approach for classifying organizational culture.[34] We will also discuss relationships among culture types and outcomes.

Identifying Culture Types with the Competing Values Framework

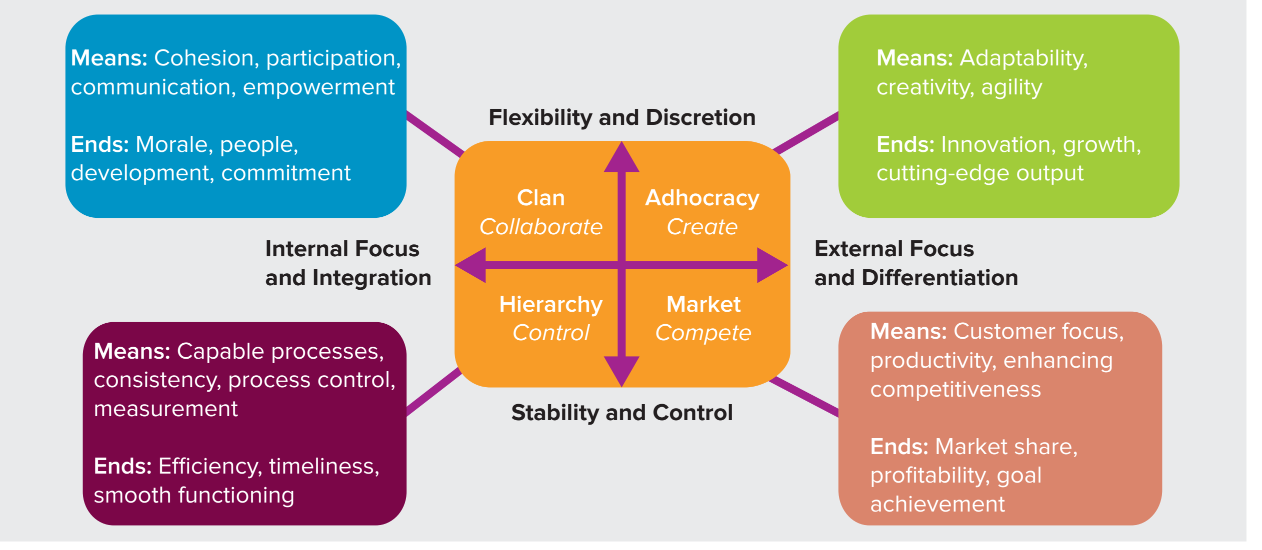
The ***competing values framework* (CVF) provides a practical way for managers to understand, measure, and change organizational culture.** It identifies four fundamental types of organizational culture—clan, adhocracy, hierarchy, and market—all shown in Figure 14.4.[35]

The CVF was developed by a team of researchers trying to classify different ways to assess organizational effectiveness. Their research showed that measures of organizational effectiveness varied along two fundamental dimensions or axes. One axis described whether an organization focuses its attention and efforts on internal dynamics and employees, or outward to its external environment and its customers and shareholders. The second axis measured an organization's preference for flexibility and discretion over control and stability. Combining these two axes creates four types of organizational culture, each with different core values and different sets of criteria for assessing organizational effectiveness.

Figure 14.4 shows the strategic direction associated with each cultural type (collaborate, create, and so on), along with the means and goals it pursues. Each type has different characteristics, and while one type tends to dominate in any given organization, it is the mix of types that creates competitive advantage. We begin our discussion of culture types in the upper-left-hand quadrant of the CVF.

FIGURE 14.4 THE COMPETING VALUES FRAMEWORK

Culture varies along two axes of competing values: flexibility and discretion vs. stability and control, and internal focus and integration vs. external focus and differentiation. This leads to four categories of organizations, each with its own unique character.



SOURCE: Adapted from K. S. Cameron, R. E. Quinn, J. Degraff, and A. V. Thakor, *Competing Values Leadership* (Northampton, MA: Edward Elgar, 2006), 32.

Clan Culture A company with a ***clan culture*** **has an internal focus and values flexibility rather than stability and control.** It resembles a family-type organization that achieves effectiveness by encouraging collaboration, trust, and support among employees. This type of culture is very employee-focused and strives to instill cohesion through consensus and job satisfaction, and commitment through employee involvement and development. Clan organizations devote considerable resources to hiring and developing their employees, and they view customers as partners. Collaborating is this culture's strategy.

EXAMPLE *Fortune* has rated Google the No. 1 place to work seven times between 2006 and 2016.[36] Larry Page, Google's cofounder and former CEO, describes the culture as a "family" environment. He said, "My job . . . is to make sure everybody in the company has great opportunities, and that they feel they're having a meaningful impact and are contributing to the good of society. . . . It's important that the company be a family, that people feel that they're part of the company, and that the company is like a family to them. When you treat people that way, you get better productivity."[37] Google holds weekly, all-hands ("TGIF") meetings so employees can ask Page, Sergey Brin, a Google cofounder, and other executives questions about anything related to the company. This practice enhances employee communication and morale, two aspects of a clan culture.

Google employees celebrate at the company's annual Google Dance on the Mountain View, California, campus. © Martin Klimek/Zumapress/Newscom

EXAMPLE Property and casualty insurance company Acuity, *Fortune's* No. 2 best company to work for in 2016, strongly endorses a clan culture. CEO Ben Salzmann told *Fortune* "if employees are given a fun, rewarding place to work where they can express their creativity, in return the firm will get innovation, diehard loyalty, and world-class customer service." Employees have generous perks and are empowered to participate in the way the company is run. The end result is profitability and an enviably low 2 percent turnover rate.[38]

Adhocracy Culture The term *adhocracy* reflects an organization with less structure and bureaucracy. It also reflects a management team focused on responding to problems rather than avoiding them. Companies with an ***adhocracy culture*** **have an external focus and value flexibility.** Creation of new products and services is their strategy, which they accomplish by being adaptable, creative, and fast to respond to changes in the marketplace. Adhocracy cultures do not rely on the centralized power and authority relationships that are part of market and hierarchical cultures (see below). They encourage and empower employees to take risks, think outside the box, and experiment with new ways of getting things done.

An article in *The Wall Street Journal* noted that adhocracy cultures are decreasing in the United States as many companies are becoming risk-averse. The downside of this trend is that a certain amount of reasonable risk taking is necessary to create new businesses, products, and ultimately jobs. On the positive side, however, risk taking is still occurring in industries such as technology and energy, and in coastal cities such as San Francisco and Boston and college towns like Boulder, Colorado, and Austin, Texas.[39]

EXAMPLE Former CEO David Brennan stated that biopharmaceutical firm AstraZeneca "is experimenting with new ways to organize research to improve productivity. Scientists now are responsible for candidate drugs until they begin the final human trials, ending a culture of handing off early-stage products to other researchers as if on an assembly line."[40]

EXAMPLE Ikea, the global Swedish home furnishing company, uses innovation to generate growth. Its product development process is based on extensive research. For example, the company studied 8,000 people to investigate their morning routines, hoping to understand how these practices could be enhanced by products designed to meet specific needs. One result was a new product called the Knapper, a freestanding mirror with a rack on the back for hanging clothes.[41]

Market Culture Companies with a ***market culture*** **have a strong external focus and value stability and control.** Competition is their strategic thrust. They have a strong desire to deliver results and accomplish goals, and because they are focused on the external environment, customers and profits take precedence over employee development and satisfaction. Managers' major goal is to improve productivity, profits, and customer satisfaction.

EXAMPLE Grupo Bimbo is the world's largest bakery company. Bimbo managers operate in a low-margin business and thus focus heavily on execution. "Profits depend heavily on getting the right amount of highly perishable products to stores at the right moment and at a reasonable cost. . . . For instance, [the company] uses tricycle delivery bikes in urban areas of China where streets are too narrow for trucks, a practice it first implemented in Latin America," according to a *Harvard Business Review* author.[42] Grupo Bimbo operates 171 plants and delivers more than 10,000 products to 22 countries.

Imagine having to deliver over 10,000 products to 22 countries. Do you think this takes a lot of planning and detailed execution? Bimbo's market-based culture contributes to this effort. © Scott Olson/Getty Images

EXAMPLE Publix Super Markets, the largest employee-owned supermarket chain in the United States, was ranked *Fortune's* 67th of 100 best places to work in 2016. The company is highly customer-focused and trains and rewards employees to provide friendly and helpful service.[43] Business writer Vicky Applebaum noted "Publix also serves the consumer need for convenience. Consumers want the shortest route through a shopping experience and transaction, and Publix delivers."[44]

Hierarchy Culture Control is the strategy within a hierarchy culture. The ***hierarchy culture*** **has an internal focus, which produces a more formalized and structured work environment, and values stability and control over flexibility.** This orientation leads to the development of reliable internal processes, the extensive use of measurement, and the implementation of a variety of control mechanisms. Effectiveness is likely to be measured in terms of efficiency, timeliness, quality, safety, and reliability in producing and delivering products and services.[45]

EXAMPLE Amazon relies on the benefits of a hierarchcal culture to effectively manage its vast shipping processes. A *Harvard Business Review* author commented that the company has achieved success by "sticking steadfastly—even boringly—to a few key principles. . . . Instead of focusing on competitors or technology shifts [a market culture orientation], they continually invest in getting a little bit better. In their core retail business, they grind out incremental improvements in delivery speed and product offerings while chipping away at prices."[46]

Consider the positive example of Mumbai's *dabbawalas,* individuals who deliver prepared meals to customers' homes or offices and then return the empty *dabbas*—metal lunch boxes—later in the day. To do their jobs effectively, dabbawalas rely on a hierarchical culture (see the Problem-Solving Application box).

Problem-Solving Application

Dabbawalas Rely on a Hierarchical Culture to Efficiently Deliver Food

More than 5,000 *dabbawalas* in Mumbai, India, deliver 200,000 or more lunch boxes every day. The need for this service grew from the working population's strongly embedded reliance on having a hot meal for lunch. The *dabbawalas* first pick up meals customers have prepared for themselves at home, then deliver them to offices in late morning, and after lunch pick up the empty containers and return them to customers' homes for the next day. Workers are willing to pay for the service, and the *dabbawalas* are so skilled in execution that the service remains affordable for many.

Each *dabbawala* belongs to a group, and the groups manage themselves "with respect to hiring, logistics, customer acquisition and retention, and conflict resolution." Within each group individuals have a very clear hierarchical role to play. Despite a high degree of self-management, the independent groups must collaborate and coordinate to deliver lunch within the fourth-largest city in the world. Mistakes are rare, even though these employees complete over 200,000 transactions a day, six days a week, 52 weeks a year.

How Does a Hierarchical Culture Help? The *dabbawala*s don't use any IT system or cell phones. Instead they have integrated organization, management, process, and culture to achieve their goals. It all begins with the Mumbai Suburban Railway. A worker picks up a *dabba* from a customer's home and takes it to "the nearest train station, where it is sorted and put onto a wooden crate according to its destination. It is then taken by train to the station closest to its destination. There it is sorted again and assigned to another worker, who delivers it to the right office before lunchtime." The process reverses in the afternoon when the *dabbas* are picked up and returned to customers' homes.

The railway system's schedule effectively sets the timing and speed of the process. For example, "workers have 40 seconds to load the crates of dabbas onto a train at major stations and just 20 seconds at interim stops." This requires them to find the most efficient way to get these key tasks completed.

Some slack is built into the system. Each group has two or three extra workers who help wherever needed. This works because employees are cross-trained in the major tasks of collecting, sorting, transporting, and customer relations.

How Do the Independent Workers Communicate? The *dabbawalas* use a very basic system of symbols to communicate. Three key markings are included on the lid of a *dabba.* The first indicates where the *dabba* must be delivered. The second is a series of characters: a number to indicate which employee is making the delivery, an alphabetical code (two or three letters) for the office building, and a number indicating the floor. The third—a combination of color and shape, and in some instances, a motif—indicates the station of origin. Customers also provide their own unique small bags for carrying *dabbas,* which helps workers remember who gets which one.

Does It Work? Yes. Not only does this work system result in the reliable distribution of lunches, but the *dabbawalas* tend to stay in the same work group their entire working lives. Employees genuinely care about each other.[47]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the major problem *dabbawalas* want to avoid.

Step 2: Identify the causes of the problem. What OB concepts help explain why the *dabbawalas* are effective?

Step 3: Make your recommendation about whether a similar system would work for a comparable firm in the United States. Explain.

Cultural Types Represent Competing Values The four cultural types include some opposing core values. The internal values associated with clan and hierarchy can conflict with the external ones associated with adhocracy and market cultures. Similarly, the flexibility and discretion associated with clan and adhocracy cultures are at odds with the stability and control values endorsed by companies with hierarchy and market cultures.

These conflicts matter because an organization's success may depend on its ability to act on core values associated with competing cultural types. While this is difficult to pull off, it can be done. Video game developer Activision Blizzard is a good example.

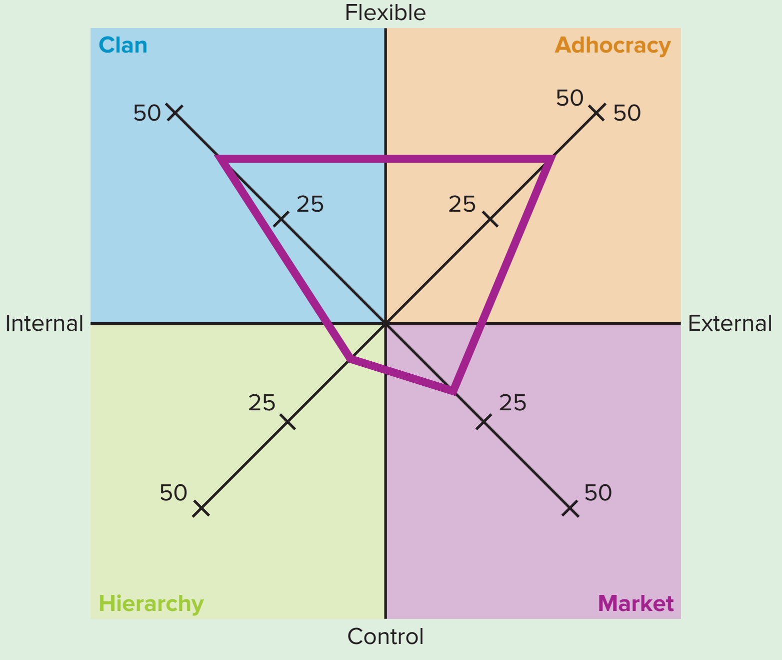
OB in Action

Activision Blizzard Integrates Clan and Adhocracy Cultures

If you like video games, you have probably played one from Activision Blizzard. The company is the leading developer and publisher of video games and has created blockbuster hits such as Call of Duty, World of Warcraft, and Guitar Hero. In 2015, the company's games were played for more than 14 billion hours. Activision was rated the 77th best place to work by *Fortune* in 2016 (up from 96th in 2015) and employs about 7,200 employees worldwide.

Activision's culture appears to be a combination of all four culture types, but with an emphasis on clan and adhocracy (see Figure 14.5). One employee

FIGURE 14.5 GRAPH OF ACTIVISION'S CULTURE



Based on multiple articles describing the work environment at Activision Blizzard.

described it this way: "We are lucky to work in a business where imagination, creativity, and play aren't only encouraged, they're required."[48] Bobby Kotick, Activision Blizzard CEO, reinforced this belief by saying, "Everything we do starts with our employees' talent, inspired creativity, and commitment to excellence." The culture is noted for being inspirational, creative, and fun.[49]

Clan Dominates One of the company's mantras is "Gamers + gaming = fun." "Activision Blizzard is a community of people who love to have fun together, and our employee camaraderie is fueled by our passion for gameplay," according to the company's website."[50] This cultural characteristic is reinforced via the Gaming Zone. *Great Place to Work* described the Gaming Zone as "the heart of Activision Blizzard's headquarters. Employees are encouraged to play games during their breaks, and the company regularly hosts tournaments and biweekly get-togethers like Gaming Zone Game Night, where employees play video games together."[51]

Personal development is encouraged. For example, Activision Blizzard Studio Summit is an annual event at which game development teams meet to discuss experiences and learn from each other. *Great Place to Work* noted that "development teams share their combined knowledge and annual findings across a variety of disciplines, including audio and talent, art, design, animation, programming, and production."[52] Other developmental activities include a Master's in the Business of Activision (the company's self-made MBA program) and Blizzard Academy, where experts teach specialized classes.[53]

Other clan-related characteristics include a host of positive employee perks such as company-paid health benefits, a wellness program, free food and beverages, massage therapy, and work–life balance programs.[54]

Adhocracy Dominates Creativity is at the core of Activision's success. "Bringing Activision Blizzard's franchises to our audiences is a massive, complex, and very creative process," says CEO Kotick. "I think of our teams as symphony orchestras, because they work hard to bring so many details together in perfect harmony."[55]

The company uses its Cultural Enrichment Series to foster innovation and creativity. Part of the series consists of TED-type talks called Activisionaries. "This speaker and concert series features inspirational leaders, entrepreneurs, world-class athletes, military leaders, best-selling authors, musicians, and others. The events not only provide intellectual stimulation and consistent opportunities for community-gathering, but also instill a sense of creativity that inspires and guides our culture."[56]

YOUR THOUGHTS?

1. What is the cultural thread that enables Activision to have a culture dominated by clan and adhocracy?
2. Do you think Activision's cultural profile is the best one for a company whose strategic goal is to grow its business? Explain.
3. Would you like to work at Activision? Why or why not?

Are you curious about the type of culture that exists in a current or past employer? Do you wonder whether you possess person–organization fit? Self-Assessment 14.1 allows you to consider these questions.

Connect SELF-ASSESSMENT 14.1

What Is the Organizational Culture at My Current Employer?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.1 in Connect.

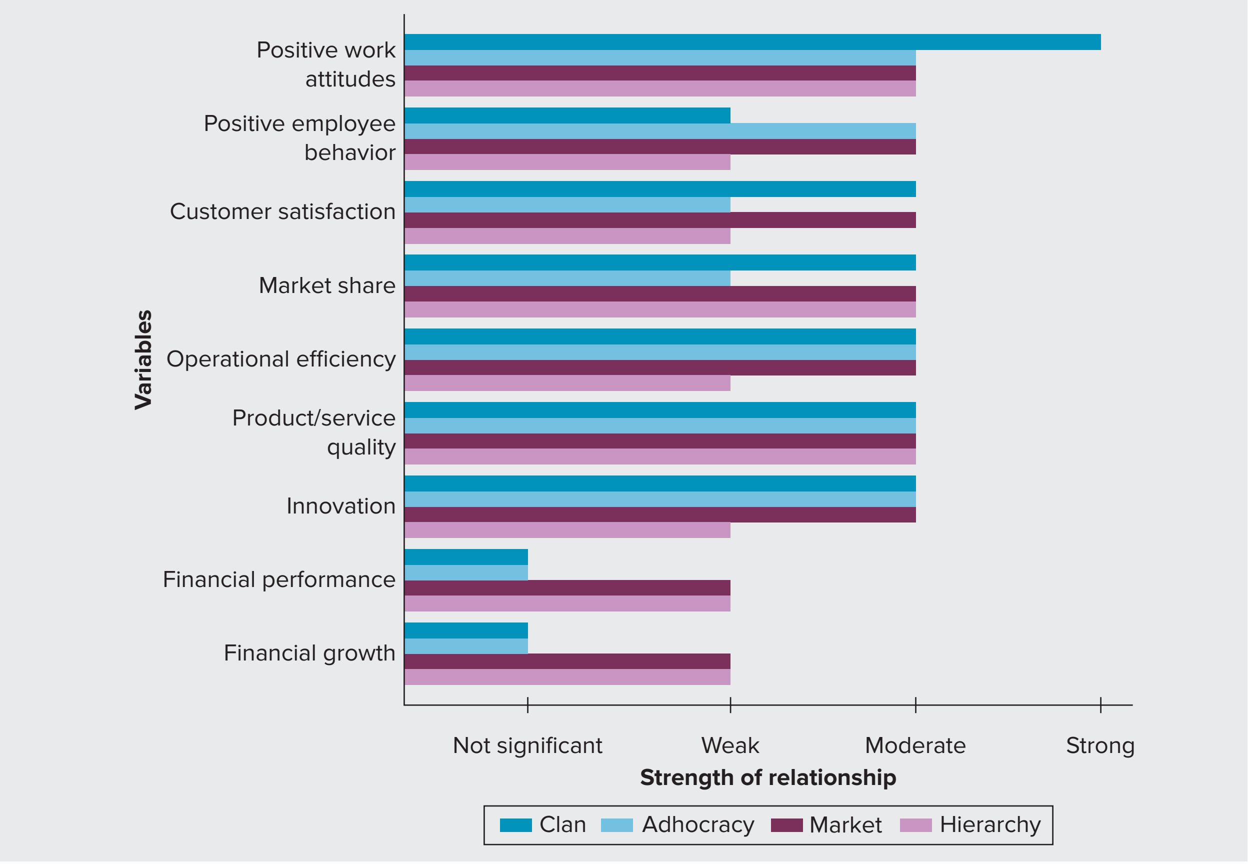
1. How would you describe the organizational culture?
2. Do you think this type of culture is best suited to help the company achieve its strategic goals? Explain.

Outcomes Associated with Organizational Culture

Both managers and academic researchers believe organizational culture can influence outcomes at the individual, group, and organizational levels of the OB Organizing Framework. A team of researchers tested this hypothesis by conducting a meta-analysis of more than 38,000 organizational units and 616,000 individuals: An organizational unit is either an organization as a whole or departments in different organizations. Figure 14.6 summarizes the findings.[57]

Figure 14.6 illustrates the strength of relationships among nine organizational outcomes and the four culture types. As you probably expected, culture is positively

FIGURE 14.6 CORRELATES OF CLAN, ADHOCRACY, MARKET, AND HIERARCHY ORGANIZATIONAL CULTURES



SOURCE: Results were based on A. Ou, C. Hartnell, A. Kinicki, E. Karam, & D. Choi, "Culture in Context: A Meta-Analysis of the Nomological Network of Organizational Culture." Presentation as part of a symposium, titled "Connecting Culture and Context: Insights from Organizational Culture Theory and Research," at the 2016 National Academy of Management Meeting in Anaheim.

associated with a variety of outcomes. Most relationships were of moderate strength, meaning they are important to today's managers. Closer examination of Figure 14.6 leads to the following six conclusions:

1. **Organizational culture is related to organizational effectiveness.** This means an organization's culture can be a source of competitive advantage.
2. **Employees have more positive work attitudes when working in organizations with clan cultures.** Employees clearly prefer to work in organizations that value flexibility over stability and control, and those that are more concerned with satisfying employees' needs than with customer or shareholder desires.
3. **Clan and market cultures are more likely to deliver higher customer satisfaction and market share.** We suspect this result holds because the positive employee attitudes associated with clan cultures motivate employees to provide better customer service.
4. **Operational outcomes, quality, and innovation are more strongly related to clan, adhocracy, and market cultures than to hierarchical ones.** Managers should avoid the use of too many rules and procedures—hierarchical characteristics—when trying to improve these outcomes.
5. **An organization's financial performance (profit and revenue growth) is not strongly related to organizational culture.** Only market and hierarchy cultures were associated with financial outcomes. Managers should not expect to immediately increase financial performance when they try to change their organization's culture. This underscores the conclusion that culture change needs time to take hold.
6. **Companies with market cultures tend to have more positive organizational outcomes.** Managers should make their cultures more market oriented.

Subcultures Matter

Thus far we have discussed organizational culture as if a company possessed a single homogeneous culture. Most don't. Rather, organizations develop subcultures.[58]

Two OB scholars describe organizational subcultures as consisting of "distinctive clusters of ideologies, cultural forms [clan, adhocracy, market, hierarchy], and other practices that identifiable groups of people in an organization exhibit." They tend to vary from a company's overall culture, "either intensifying its understandings and practices or diverging from them."[59] Subcultures tend to form along the following lines, often leading to noticeably different cultures.[60]

- Functional/occupational groups.
- Geographical areas.
- Products, markets, or technology.
- Divisions or departments.
- Levels of management—senior management versus supervisors.
- Work role—firefighter versus emergency medical technician.

While subcultures develop naturally, senior leaders should link them with "common goals, common language, and common procedures for solving problems," according to OB expert Edgar Schein.[61] You don't want *highly* different subcultures to develop, because they can lead groups to focus on different goals, customers, or values, which lowers unit and organizational performance.[62] Such culture clashes frequently happen when companies merge. Research shows that the failure to integrate cultures is a key cause of failed acquisitions.[63]

14.3 MECHANISMS OR LEVERS FOR CULTURE CHANGE

MAJOR QUESTION

What mechanisms or levers can I use to implement culture change?

THE BIGGER PICTURE

Some people suggest that culture change takes years, whereas others believe leadership actions can change culture more quickly. Yet others contend that culture evolves and managers should not attempt to manage it. Where do you stand? We believe culture can and should be nurtured and developed so it aligns with a company's vision and strategic plan. You will learn about 12 mechanisms or levers you can use to implement culture change. We discuss them in the context of the managerial role, but knowing these techniques helps you at any level in the organization.

Edgar Schein, who has written a great deal about organizational culture, believes the creation and management of culture is a leader's most important role.[64] We agree, because culture can be a source of competitive advantage. Consider companies like Apple, Google, and Facebook. As suggested by Figure 14.2, the cultures at these companies were first formed by their founders—Steve Jobs at Apple, Larry Page and Sergey Brin at Google, and Mark Zuckerberg at Facebook. Over time, the founders embedded or reinforced their desired cultures by adopting specific types of organizational structure and implementing a host of human resource practices, policies, and procedures. It is not an easy task to change an organization's culture, but let us look at how it can be done.

First let's review four truths about culture change.

1. **Leaders are the architects and developers of organizational culture.** This suggests that culture is not determined by fate. It is formed and shaped by the ongoing behavior of everyone who works at a company. Aileen Wilkins, chief people officer for H&R Block, believes creating a healthy culture starts with strong leadership. "The people at the top set the tone for behaviors all the way down the line," she says.[65]

Sergey Brin (left) and Larry Page met as Ph.D. students at Stanford. They created the first version of the algorithm underlying searches while students, and then incorporated Google after graduation. Today, Brin is president of Alphabet, Inc., Google's parent company, and Page is the CEO. Although Google is somewhat secretive about the number of searches it conducts, the best estimate is more than 3 billion a day.
© Matthew Staver/Bloomberg/Getty Images

2. **Changing culture starts with targeting one of the three levels of organizational culture—observable artifacts, espoused values, or basic underlying assumptions.** The fastest way to start a culture change project is through the use of observable artifacts. For example, if you wanted to foster a market culture, you could post graphs of performance metrics around the office to reinforce the value of high performance. That said, culture will not change in a significant way unless managers are able to change basic underlying assumptions.[66] It takes time to alter this deep-seated component of culture.
3. **The current culture probably closely aligns with the organization's vision and strategic plan.** Remember the quote "culture eats strategy for breakfast" whenever you pursue culture change. An organization's culture must be consistent with its vision and strategic goals. **A *vision* is a long-term goal that describes what an organization wants to become. A *strategic plan* outlines the organization's long-term goals and the actions necessary to achieve them.**

   EXAMPLE Alan Mulally, former CEO of Ford, wanted to get management to work more collaboratively in pursuit of the company's strategic goals. This change toward a clan culture was necessary to overcome the competitiveness and aggressiveness—signs of a market culture—among senior managers. Among other changes, Mulally instituted weekly update meetings in which executives shared results about their units. The culture changed as executives became more collaborative, and profits rose.[67]

4. **A structured approach works best when implementing culture change.** Our experience as consultants tells us that culture change frequently meets with resistance. People become accustomed to the culture they know and prefer to leave things as they are. Chapter 16 outlines several techniques you can use to overcome such resistance.

Let's now consider the specific methods or techniques managers can use to change an organization's culture.

12 Mechanisms or Levers for Creating Culture Change

OB experts have proposed 12 mechanisms or levers for changing organizational culture. These levers can be pushed to create a preferred type of culture or they can be pulled to reduce a particular culture type. Changing culture amounts to pushing and pulling these levers to create a culture profile that is best suited to help an organization achieve its goals. Any of these levers can be used to foster any of the culture types previously discussed. Table 14.1 shows the relationship between these levers and the three levels of organizational culture.[68] Let's consider how these levers can be used to create culture change.

1. Formal Statements Formal statements of organizational philosophy, mission, vision, values, and materials can embed culture when used for recruiting, selection, and socialization. They represent observable artifacts.

EXAMPLE Sam Walton, the founder of Walmart, established three basic beliefs or values that represent the core of the organization's culture. They are (a) respect for the individual, (b) service to our customer, and (c) striving for excellence.

EXAMPLE Nucor Corp. attempts to emphasize the value it places on its people by including every employee's name on the cover of the annual report. This practice also reinforces the clan type of culture the company wants to encourage.[69]

TABLE 14.1 12 MECHANISMS FOR CHANGING ORGANIZATIONAL CULTURE

MECHANISM	LEVEL OF ORGANIZATIONAL CULTURE		
	OBSERVABLE ARTIFACT	ESPOUSED VALUE	BASIC ASSUMPTION
1. Formal statements	X	X	
2. Design of physical space, work environments, and buildings	X		X
3. Slogans, language, acronyms, and sayings	X	X	
4. Deliberate role modeling, training programs, teaching, and coaching by others	X	X	X
5. Explicit rewards, status symbols, and promotion criteria	X	X	X
6. Stories, legends, or myths about key people and events	X	X	X
7. Organizational activities, processes, or outcomes		X	X
8. Leader reactions to critical incidents and organizational crises			X
9. Rites and rituals	X	X	X
10. Work flow and organizational structure	X		X
11. Organizational systems and procedures	X	X	X
12. Organizational goals and criteria throughout employee cycle (hire to retire)	X	X	X

2. Design of Physical Space, Work Environments, and Buildings Physical spacing among people and buildings and the location of office furniture are different ways to send messages about culture. For example, an open office environment is more appropriate for an organization that wants to foster collaboration and innovation.

EXAMPLE Facebook plans to put several thousand people into a single mile-long room. Samsung is building a new office in the United States that contains vast outdoor areas sandwiched between floors. Executives hope this design "will lure workers into public spaces, where . . . engineers and salespeople will actually mingle."[70]

3. Slogans, Language, Acronyms, and Sayings Corporate slogans, acronyms, and specialized language often have a profound effect on the organization over time because they are easy to remember and repeat.

EXAMPLE CEO Mary Berner wants to make a culture change at Cumulus Media Inc. Cumulus is the second-largest radio broadcaster in the United States and operates 454 stations. The company is experiencing declining revenue and is saddled with $2.5 billion in debt. Berner began the change process by circulating two slogans. The acronym HABU reflects the company's focus on the "highest and best use" of resources. The slogan "The force" is short for "focused, responsible, collaborative, and empowered." To model support for these slogans, *The Wall Street Journal* reported that Berner "sold the corporate jet, consolidated duplicate Internet-technology departments, and created a department to provide stations with market data and analytics on which to base local programming decisions."[71] What types of culture are reinforced by these slogans and changes?

4. Deliberate Role Modeling, Training Programs, Teaching, and Coaching by Others Companies such as Keller Williams Realty Inc., the largest real estate franchise in the world, use coaching and training to promote a culture focused on employee growth and development. According to CEO Chris Heller, "Our success results from a deeply ingrained culture of learning, innovation, and giving."[72]

EXAMPLE Heller believes training is "critical to helping Keller Williams agents be more purposeful and productive, to providing clients with a better customer experience, and to building more stable and profitable businesses." The KW Masterminds program is run three times a year as a vehicle to increase the sharing of best practices among employees. Executives believe these efforts are "one of the reasons Keller Williams is setting all-time records for productivity and profitability and growing three times faster than our industry."[73]

5. Explicit Rewards, Status Symbols, and Promotion Criteria Because they are meaningful and visible, reward systems have a strong impact on employees and are one of the strongest ways to embed organizational culture. For example, team-based rewards reinforce a clan culture, while individual rewards are better suited for market cultures. Hamdi Ulukaya, the Turkish immigrant who founded Chobani, the largest seller of Greek yogurt in the United States, recently made a decision that will significantly affect the company's culture.

EXAMPLE Chobani's 2,000 employees were surprised by the CEO's decision to give them up to 10 percent of the company in the form of stock when Chobani goes public or is sold. The company is worth several billion dollars, and Ulukaya simply wants to pass along the wealth they have helped build. The number of shares employees receive will be based on their tenure with the company. "It's better than a bonus or a raise," said manager Rich Lake. He believes "the shares are an acknowledgment of what he and the other employees have put into Chobani."[74] What type of culture is promoted by this decision?

Hamdi Ulukaya was named the World Entrepreneur of the Year in 2013. Starting with the purchase of a defunct yogurt factory in New York, he created a yogurt empire with Chobani. Chobani is the largest yogurt brand in the United States. Ulukaya believes that companies prosper when they pay higher wages to employees. He also believes that companies should focus on improving the lives of their employees and the people in communities in which they operate. Do you agree with him?

© Chris Ratcliffe/Bloomberg/Getty Images

6. Stories, Legends, or Myths About Key People and Events Storytelling is a powerful way to send messages to others about the values and behaviors the organization desires. Stories reinforce characteristics of the desired culture.

EXAMPLE Jeff Bezos, Amazon CEO, told an interviewer from the *Harvard Business Review,* "There are stories we tell ourselves internally about persistence and patience, long-term thinking, staying focused on the customer."[75] This practice reinforces a market culture.

EXAMPLE In a story that has spread throughout Ed Doherty's Panera Bread restaurants, a customer drove to a store during a blizzard to place an order. He inadvertently left his food there and called the store to inform the manager. The store was about to close as the snow piled up, so the manager delivered the order to the customer's house.[76] What type of culture does this action reinforce?

7. Organizational Activities, Processes, or Outcomes Leaders pay special attention to activities, processes, and outcomes they can measure and control. This behavior sends strong messages to employees about acceptable norms and behavior. For example. if you want to create an adhocracy culture, then managers would pay attention to innovation processes and outcomes such as number of patents or number of ideas submitted to suggestion systems.

EXAMPLE Howard Schultz, Starbucks CEO, examines coffee-sales figures four times a day. This behavior, characteristic of a hierarchical and market culture, helps Schultz monitor the performance of the company's nearly 12,000 stores.[77]

EXAMPLE GM CEO Mary Barra is trying to move the company culture toward a higher level of hierarchy and market. She started this change by establishing a vision of GM as "the world's most valued automotive company," and by measuring its achievement of this vision via strategic goals to improve customer satisfaction, quality, and financial results. To reinforce this strategic and cultural shift, she told the company's top 300 executives, "If you're not in line with this vision . . . you don't need to be here."[78]

8. Leader Reactions to Critical Incidents and Organizational Crises Neuroscience research shows that people learn and pay attention to the emotions leaders exhibit. Positive emotions spread, but negative emotions travel faster and farther.[79] Market cultures, for example, are reinforced by showing positive emotions after landing a new customer or negative emotions such as anger after losing a customer because of bad service. Consider how executives at Microsoft responded to a crisis eroding feelings of respect and inclusiveness, both of which reinforce clan cultures.

EXAMPLE Executives at Microsoft responded quickly to activities that occurred at an Xbox Division party held as part of the Game Developers Conference. The party featured dancers dressed as scantily clad schoolgirls.[80] Kathleen Hogan, Microsoft executive vice president of human resources, sent an e-mail to all employees saying:

This is unacceptable in terms of how we treat women and how we represent Microsoft, and it undermines the culture we are working so hard to cultivate—one that is diverse and inclusive and grounded in a growth mind-set.

"We are not going to tolerate this. I appreciate that we will be judged by our deeds, and not just our words. And yet every day, we see our people taking important and meaningful steps forward in our journey towards inclusion. . . . It is not a stretch to say the company as a whole is shocked and upset, and that we all are determined that this is never repeated."[81]

9. Rites and Rituals ***Rites and rituals*** **are the planned and unplanned activities and ceremonies used to celebrate important events or achievements.** Consider how managers at Arnold Worldwide reinforce several culture types at once.

EXAMPLE Employees at Boston advertising agency Arnold Worldwide like to meet at a beer vending machine in the office, nicknamed Arnie, after completing the day's meetings with clients. A *Wall Street Journal* report commented that "as they sip bottles of home-brewed beer, employees exchange ideas and chitchat, often sticking around the office instead of heading to a nearby bar." While this ritual can surely facilitate clan, adhocracy, and market cultures, organizations need to be careful about encouraging drinking at work. Employment lawyers caution that drinking at work "can lead to driving intoxicated, assault, sexual harassment, or rape. Plus, it may make some employees uncomfortable while excluding others, such as those who don't drink for health or religious reasons."[82]

Financial and human resources staffing firm Salo LLC, located in Minneapolis, uses a less controversial set of rites and rituals to reinforce its clan and market-based culture (see the OB in Action box).

OB in Action

Salo LLC Uses Rites and Rituals to Embed a Clan and Market Culture

When customer requests come in to a particular office at staffing firm Salo LLC, "they are posted on a wall-sized whiteboard, and can only be recorded, altered, or erased by the salesperson who landed the client."

Whiteboard and Gong Used as Key Artifacts The whiteboards are visible to everyone and have become "a center hub of activity," according to Adam Sprecher, a managing director at the firm. When a new client name goes up on the board, Sprecher says, "There's a little anxiety of 'OK, here we go! Now it's time to perform.' It's an adrenaline rush."

Colored pens are used to indicate the status of a project. Clients are first listed in black and then updated in "blue or orange as candidates are added or eliminated. A red check mark means it is time to start thinking about new ideas."

Another artifact, a big brass gong, is used to reinforce a market orientation. When a deal is completed, the salesperson rings the gong, and people cheer and clap. Other teams in the company replace the gong with chest bumps or victory dances.

Rituals Also Used to Avoid Jinxing a Deal Salo employees have developed rituals aimed at increasing sales. Managing director Gwen Martin said, "When we are about to lock a deal down, it's bad luck to high-five each other, because you might jinx it." But some acknowledgment seemed appropriate. "So you do a 'pinkie-five' instead."[83]

YOUR THOUGHTS?

1. How are clan and market cultures being reinforced by Salo?
2. How comfortable would you be working at a company like Salo that so overtly organizes culture around rites, rituals, and even the need to avoid jinxes?
3. Which industries are the best fit for Salo's cultural approach, and why?

10. Work Flow and Organizational Structure Work flow is the way work gets done—work flow and organizational structure are the way reporting relationships are organized. Both can become tools for changing organizational culture. For example, encouraging brainstorming meetings to solve problems reinforces an adhocracy culture, whereas having weekly progress meeting encourages both market and hierarchy cultures.

Bedside meetings between nurses and doctors and their patients are becoming more commonplace as hospitals change their work flow to improve patient satisfaction. Hospitals are doing this in an attempt to provide better customer service and more effective treatments.
© Pixtal/agefotostock RF

EXAMPLE Some hospitals are revising the way they handle nursing shift changes in order to improve patient safety, the quality of services, and patient inclusion and satisfaction. Traditional shift change meetings occur when "nurses going off duty typically confer in a hallway or at the nursing station with the nurse coming on for the next shift, giving a rundown of their patients' status and needs. In some cases nurses may simply write up a report in the medical record for the next shift to read," according to *The Wall Street Journal.* The new approach entails a bedside meeting in which nurses meet in the presence of the patient to discuss treatment plans. This approach has been shown to help "reduce the number of patient falls and catch safety issues such as an incompatible blood transfusion and air bubbles that form in arteries." Patients also are more satisfied with this work flow.[84] These work flow changes would serve to move the culture in the direction of hierarchy and market.

11. Organizational Systems and Procedures Companies are increasingly using electronic networks as a tool to promote different types of cultures. Disney, for example, has invested over $1 billion in big data technology to identify the best way to provide customer service, a characteristic of market cultures.[85]

EXAMPLE In San Francisco, Hearsay Social Inc., a social media software company, uses online technology to collect peer performance feedback, which can promote any of the four culture types in the competing values framework (CVF). The feedback is used as input to employees' performance evaluations. Managers feel these evaluations are more accurate because they are based on information from several people.[86]

EXAMPLE LifeSize Communications, a video conferencing company in Austin, Texas, uses an internal online network to promote collaboration (clan) and increased sales (market). A salesperson recently wanted advice about how to sell a product against a competitor. To get ideas, the salesperson logged onto the network to access content posted by a LifeSize partner in South Africa. The content describes an approach the partner used to win business against that competitor.[87]

12. Organizational Goals and Criteria throughout the Employee Cycle An organization's culture is reflected in the goals it pursues. For example. the clan-type cultures in companies such as Google and Zappos are reinforced by goals like increasing employee development, satisfaction, or involvement. General Motors has decided to foster more of an adhocracy and market culture in response to its strategic goal of growing revenue and market share.

EXAMPLE GM and Lyft will begin testing a self-driving Chevrolet Bolt electric taxi in 2017. According to *The Wall Street Journal,* this strategic focus is directed mostly at challenging Google and Uber. "In addition to driverless cars, GM aims to use Lyft and its growing army of drivers as a primary customer for the Bolt, an electric car that is scheduled to launch later this year."[88] Getting the Bolt delivered on time may also require some improvements in GM's operating processes, an aspect of a hierarchical culture.

Remember Person–Organization Fit Now that we have described the four key types of organizational culture and the mechanisms managers can use to change culture, it's time to reflect on your person–organization (P-O) fit. Recall that P-O fit reflects the extent to which your personality and values match the climate and culture in an organization. Your P-O fit matters because it links to your work attitudes and performance.[89]

We have two activities for you to complete to measure your level of fit and see what you can do about it. The first is Self-Assessment 14.2, which measures your preference for the four types of culture in the CVF. The second is a Take-Away Application that asks you to compute the gap between your organization's current culture and your preferred culture. You can use this gap to make a plan of action for improving your P-O fit.

connect SELF-ASSESSMENT 14.2

What Type of Organizational Culture Do I Prefer?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.2 in Connect.

1. In rank order, what are your preferred culture types?
2. To what extent does your preferred culture type affect your job satisfaction?

TAKE-AWAY APPLICATION

What Is My Level of Person–Organization Fit?

Use results from Self-Assessments 14.1 and 14.2 to answer the following questions.

1. Compute the gap between your preferred and actual culture types by subtracting your actual culture type score (Self-Assessment 14.1) from your preferred type score (Self-Assessment 14.2). Where are the largest gaps?
2. Make a plan to improve your person–organization fit. Focusing on your two largest culture type gaps, identify what is causing the gaps. You will find it helpful to look at the survey items that measure these types.
3. Now use the 12 embedding mechanisms just discussed and suggest at least two things you can do and two things your manager might do to improve your level of fit.
4. How would you assess whether the changes you identified in question 3 are working? Be specific.

14.4 EMBEDDING ORGANIZATIONAL CULTURE THROUGH THE SOCIALIZATION PROCESS

MAJOR QUESTION

How can I integrate the findings of socialization research with the three phases of socialization?

THE BIGGER PICTURE

Organizational culture spreads by means of a learning process. That is, people teach each other about the values and norms the organization values and rewards. Organizational socialization is one mechanism underlying this learning process. All of us have been socialized at one time or another. It's a natural aspect of starting a new job at any company, and it ultimately affects your work attitudes and performance. You will learn about a three-phase model of organizational socialization and practical lessons based on socialization research.

Organizational socialization **is "the process by which individuals acquire the knowledge, skills, attitudes, and behaviors required to assume a work role."**[90] This definition highlights that organizational socialization is a key mechanism by which organizations embed their cultures, particularly in new employees. In short, organizational socialization turns outsiders into fully functioning insiders by promoting and reinforcing the organization's core values and beliefs. This section introduces a three-phase model of organizational socialization and examines the practical application of socialization research.

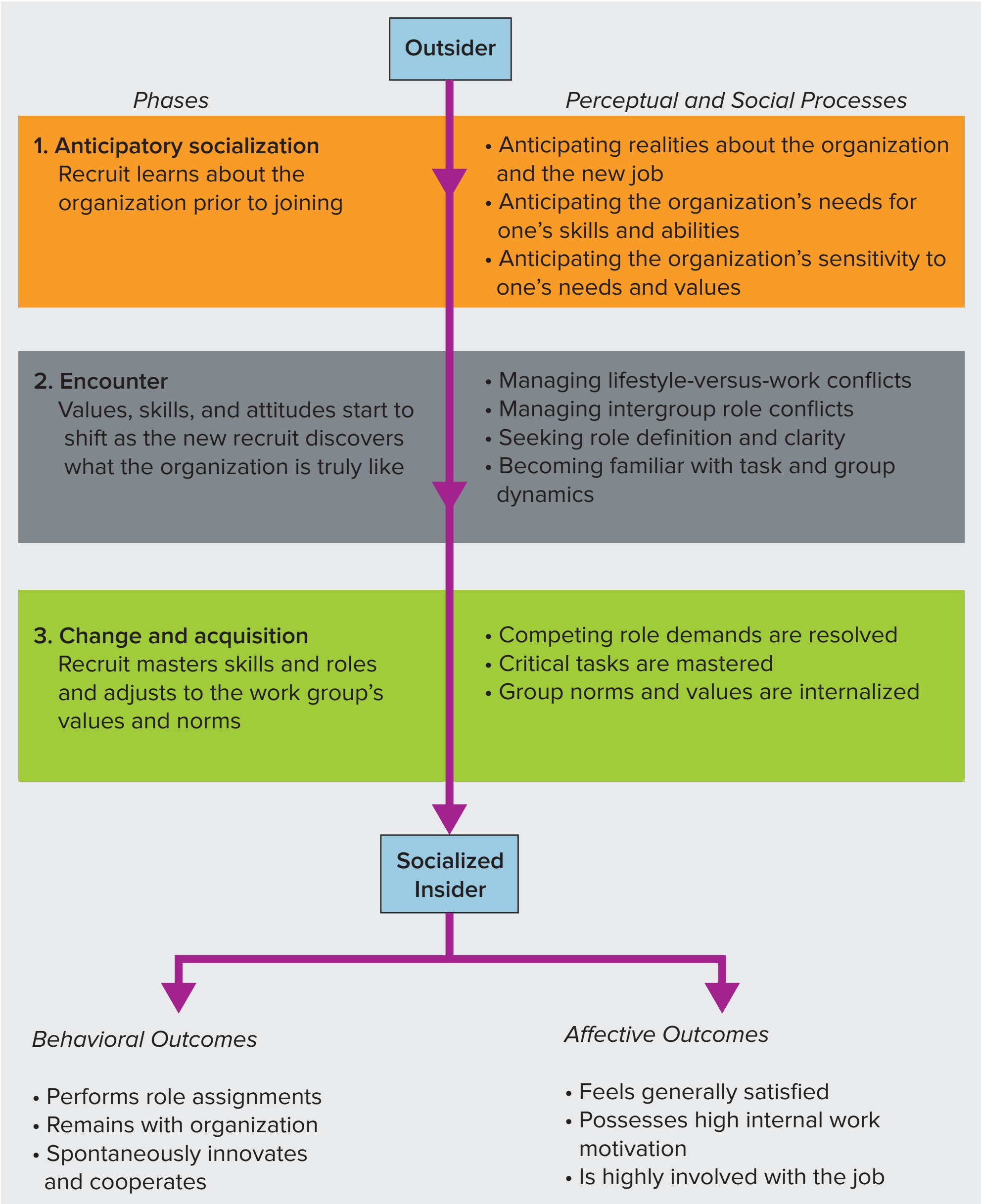
A Three-Phase Model of Organizational Socialization

Anyone's first year in a complex organization can be confusing. There is a constant swirl of new faces, strange jargon, conflicting expectations, and apparently unrelated events. Many organizations treat new members in a rather haphazard, sink-or-swim manner. A recent study of 1,000 employees, for example, revealed that 33 percent had no formal socialization experience.[91] This is unfortunate because unstructured socialization is associated with decreased learning, performance, and satisfaction.[92] It also leads to increased turnover.[93] There is a better way.

Organizational behavior researcher Daniel Feldman has proposed a three-phase model of organizational socialization that

Imagine the feelings this new employee might have about starting a job. What emotions might he be experiencing? Excitement? Worry? Challenge? How can companies help new employees begin to fit in during the first few weeks of employment? © Oli Kellett/Getty Images

FIGURE 14.7 MODEL OF ORGANIZATIONAL SOCIALIZATION



SOURCE: Adapted from D. C. Feldman, "The Multiple Socialization of Organization Members," *Academy of Management Review,* April 1981, 309–381. Copyright 1981 by Academy of Management. Reprinted with permission of Academy of Management, via Copyright Clearance Center.

promotes deeper understanding of this important process. As illustrated in Figure 14.7, the three phases are:

1. Anticipatory socialization
2. Encounter
3. Change and acquisition

Each phase has associated perceptual and social processes. Feldman's model also specifies behavioral and affective outcomes that reveal how well the individual has been socialized. The entire three-phase sequence may take from a few weeks to a year to complete, depending on individual differences and the complexity of the situation. Let's look at each phase.

Phase 1: Anticipatory Socialization The ***anticipatory socialization phase*** **occurs before an individual actually joins an organization.** During this phase people acquire information about different careers, occupations, professions, and organizations that can come from many sources. An organization's current employees are a powerful source of information. So are the Internet, social media, internships, and job fairs.

Unrealistic expectations about the nature of the work, pay, and promotions are often formulated during Phase 1. Because employees with unrealistic expectations are more likely to quit their jobs in the future, organizations should offer realistic job previews. A ***realistic job preview (RJP)*** **gives recruits a realistic idea of what lies ahead by presenting both positive and negative aspects of the job.**

> **EXAMPLE** The Hilton Baltimore demonstrates to housekeeping job applicants how to make a bed. The company then asks the applicant to do it him/herself. Tishuana Hodge, regional director of HR, says, "We can see who is genuinely interested and physically up to the challenge" after the RJP.[94]

> **EXAMPLE** AT&T, which has employed RJPs for over 20 years, uses face-to-face meetings and videos to provide applicants with RJPs. "One of its newer live realistic job previews gives insight to potential technicians responsible for installing AT&T's fiber optic technology and computer networking. Technicians also teach customers how to use the merchandise," according to *HR Magazine*. AT&T does this because it needs employees who have the technical knowledge to install the product and who can also deliver outstanding customer service.[95]

Research revealed that realistic job previews were related to higher performance and lower attrition from the recruitment process. RJPs also lowered job applicants' initial expectations and led to lower turnover among those who were hired.[96]

Phase 2: Encounter The next phase begins when the employment contract has been signed. During the ***encounter phase*** **employees come to learn what the organization is really like.** It is a time for reconciling unmet expectations and making sense of a new work environment. Many companies use a combination of orientation and training programs to socialize employees during the encounter phase. Onboarding is one such technique. ***Onboarding*** **programs help employees to integrate, assimilate, and transition to new jobs by making them familiar with corporate policies, procedures, culture, and politics and by clarifying work-role expectations and responsibilities.**[97] One corporate survey revealed that roughly 73 percent of organizations rely on onboarding programs, but only 51 percent believe they are effective.[98]

There is no set way to onboard a new employee. The OB in Action box illustrates a variety of methods used at different organizations. Video gaming company Riot Games, *Fortune's* 39th best place to work in 2016, has an interesting approach to onboarding. If within the first 60 days new hires decide the company is not a good fit, Riot Games pays them 10 percent of their annual salary, up to $25,000, to quit.[99] Zappos similarly pays new employees $3,000 if they believe they are a bad fit after participating in the company's four-week onboarding program.[100]

OB in Action

Companies Use Different Approaches to Onboard Employees

The first day on the job can be filled with boring paperwork regarding benefits and dull presentations about the company's history, mission, and values. While these activities are important, some companies try to find more creative ways for employees to spend their first few days and weeks at work.

Facebook Uses a Boot Camp Facebook asks new hires to complete all necessary paperwork before starting work. This enables the company to send new engineering recruits right into its six-week "Bootcamp" program. A *Fortune* reporter described the program in this way. Bootcampers are first given a computer and desk and asked to open their laptops. They generally find six e-mails. "One welcomes them to the company; the other five describe tasks they're supposed to perform, including fixing bugs on the Facebook site." The program has multiple goals. One is to establish the belief that employees "have the power to push changes directly onto the Facebook site. . . . Another is to foster independence and creativity. At Facebook there isn't one way to solve problems; there are many—and everyone is encouraged to come up with his own approach." Bootcampers also are paired with mentors who coach them on how to best get through the first few weeks.[101]

Consulting Firm Protiviti Puts New Hires in Groups A *Fortune* reporter stated, "The company ushers in new hires in batches, then sends them on a journey through Passport to Protiviti, a program that integrates them into the environment as they collaborate as teams, work with peer advisers, and meet regularly with leaders."[102]

Apple Focuses on Secrecy Apple's onboarding process is a combination of a standard orientation, challenges, secrecy threats, and peer coaching. For security reasons, *Fortune* noted "many employees are hired into so-called dummy positions, roles that aren't explained in detail until after they join the company." In their half-day orientation, these new hires are given very limited information beyond a welcome package containing all the paperwork to be completed. For example, they are not taught how to connect their newly issued computers to the network. It is assumed that this complicated endeavor is no big deal for tech-savvy individuals. Employees are also given a "secrecy briefing," referred to as Scared Silent. They are warned about the importance of secrecy and security and told that swift termination comes to anyone who talks about Apple's secrets outside work. Apple does help new employees in one important way. It assigns them an "iBuddy," a peer outside the primary work team "who can serve as a sounding board, someone for the bewildered new employee to ask questions," according to *Fortune*.[103]

NCR Corp. Relies Heavily On an Online Portal Electronics and computer hardware maker NCR Corp. has a year-long onboarding process that starts with an online portal. *HR Magazine* noted that this enables "new hires to interact with one another with built-in social networking capabilities tied to virtual learning platform CorpU. Managers can assign an onboarding plan for each new hire, track his or her progress, and solicit feedback about the individual's performance." HR also partnered with the company's "marketing staff to make the portal design appealing and fun, as well as to ensure a consistent branded experience for all employees," according to *HR Magazine*. Employees reported positive attitudes about their onboarding experiences.[104]

YOUR THOUGHTS?

1. Which of these onboarding methods is most appealing to you? Why?
2. Which of these onboarding methods is least appealing to you? Why?
3. What are the drawbacks of Apple's approach of hiring employees into dummy positions (for reasons of secrecy)? What are the trade-offs?

Phase 3: Change and Acquisition The ***change and acquisition phase* requires employees to master important tasks and roles and adjust to their work group's values and norms.** Mastery will occur only when employees have a clear understanding about their roles and are effectively integrated within the work unit. Being successful in Phase 3 also requires employees to have a clear understanding of the use of social media. It is easy for you to create problems for yourself by not being aware of expectations regarding surfing, texting during meetings, and use of company equipment for personal messages. Experts suggest setting ground rules on the first day of employment, coaching employees on norms, and discussing how guidelines have changed.[105]

Table 14.2 presents a list of paired socialization processes or tactics organizations use to help employees through this adjustment process.

To what extent have you been adequately socialized? If your socialization level is high, then all is well. If it is medium to low, you may need to find a mentor. We discuss mentoring in the next section. Take a moment to complete Self-Assessment 14.3. It measures the extent to which you have been socialized into your current work organization.

connect SELF-ASSESSMENT 14.3

Have You Been Adequately Socialized?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.3 in Connect.

1. What is your level of socialization? Are you surprised by the results?
2. Based on your results and what you have learned about socialization, what advice would you provide to your organization to improve its socialization process?

Practical Applications of Socialization Research

Research suggests four practical guidelines for managers.

1. Managers should avoid a haphazard, sink-or-swim approach to organizational socialization, because formalized and proactive socialization tactics positively affect new hires.[106]
2. More organizations today use socialization tactics to reinforce a culture that promotes ethical behavior. Managers should consider how they might best set expectations for ethical behavior during all three phases of the socialization process.[107]
3. Support for stage models is mixed. Although there are different stages of socialization, they are not identical in order, length, or content for all people or jobs.[108] Managers should use a contingency approach to organizational socialization. In other words, keep in mind that different techniques are appropriate for different people at different times.
4. Research finds that diverse employees, particularly those with disabilities, experienced different socialization activities than other newcomers. In turn, these different experiences affected their long-term success and job satisfaction.[109]

TABLE 14.2 SOCIALIZATION TACTICS

Examples in each row illustrate one or the other of the alternatives. Which one appears in the example?

ALTERNATIVE TACTICS AND DESCRIPTION			WHICH IS THIS AN EXAMPLE OF?
COLLECTIVE	**VS.**	**INDIVIDUAL**	**EXAMPLE**
Grouping newcomers and exposing them to a common set of experiences.		Treating each newcomer individually and exposing him or her to more or less unique experiences.	All new hires attend an orientation session on the same day.
FORMAL	**VS.**	**INFORMAL**	**EXAMPLE**
Segregating a newcomer from regular organization members during a defined socialization period.		No effort to clearly distinguish a newcomer from more experienced members.	Army recruits must attend boot camp before they are allowed to work alongside established soldiers.
SEQUENTIAL	**VS.**	**RANDOM**	**EXAMPLE**
The newcomer completes a fixed progression of steps culminating in his or her new role.		No clear steps are given and progression is ambiguous or dynamic.	Doctors must follow a sequence from medical school to internship to residency before they are allowed to practice on their own.
FIXED	**VS.**	**VARIABLE**	**EXAMPLE**
Management setting a timetable for the assumption of the role.		Management setting no timetable and relying on contingencies for assumption of the role.	American university students typically spend one year apiece as freshman, sophomores, juniors, and seniors.
SERIAL	**VS.**	**DISJUNCTIVE**	**EXAMPLE**
The newcomer is socialized over time with the help of an experienced organization member.		The newcomer is not provided a role model.	A buddy system is used during orientation.
INVESTITURE	**VS.**	**DIVESTITURE**	**EXAMPLE**
The affirmation of a newcomer's incoming global and specific role identities and attributes.		The denial and stripping away of the newcomer's existing sense of self and the reconstruction of self in the organization's image.	During police training, cadets are required to wear uniforms and maintain an immaculate appearance; they are addressed as "officer" and told they are no longer ordinary citizens but representatives of the police force.

SOURCE: Descriptions adapted from B. E. Ashforth, *Role Transitions in Organizational Life: An Identity-Based Perspective* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001), 149–183.

Regardless of how well your employee handles the socialization process, you can improve your own socialization experience. The Applying OB box provides recommendations for improving three skills essential for success at a new job.

Applying OB

Key Skills Needed for Success in a New Job[110]

1. *Introducing yourself to strangers.* Don't assume others will not want to meet you or are too busy to spend time with you. As a new employee you are expected to reach out and meet people. Gain confidence in this activity by practicing your opening lines. It helps to write them down, rehearse, and experiment with different approaches. Preparing a list of initial questions to ask people will help you demonstrate interest and motivation. When talking with others, try to make them feel heard, valued, and respected. People will remember this more than specific details about yourself. Finally, write down what you learn about others and consult it when you are next going to meet them.
2. *Remembering people's names.* Neuroscientists have shown that we encode and remember names differently than other details about people, such as their faces, jobs, or family status. This tells us that weak neural connections exist between someone's face and name. You can overcome this drawback by using a few key techniques:
    a. Make a commitment to pay attention to people when you first meet them.
    b. Repeat the name in your mind several times and use it during the conversation.
    c. Write down the name as soon as you can to increase recall.
    d. Create a mental picture that provides a clue to the person's name, because we remember things or objects better than names. For example, when meeting Angelo, picture an angel.
    e. Use cheat sheets before going to events or meetings. Review the names and backgrounds of people you expect to see during such encounters.
3. *Asking good questions.* Research shows "the more questions new employees ask and the more help they seek, the better they perform . . . question askers are also more satisfied in new jobs and more committed to new organizations."[111] The learning point is that most new employees do not ask enough questions. Here are a few ideas for asking better questions:
    a. Be clear in your mind about what you want. The clearer you are, the easier it is to ask the right questions.
    b. Find the best person to answer your questions. If it is someone you just met, ask him or her whether you can contact them later for advice.
    c. There are no dumb questions coming from new employees. Just ask what is on your mind.
    d. Ask pointed questions. If you want a specific piece of information, ask a closed question such as, "When is the report due?" If you want more detailed information, ask an open-ended question such as, "What is the process for completing an expense report?"
    e. Show appreciation and gratitude to those who answer your questions.
    f. Find a "newbie buddy," a peer who can be your initial "go-to" person for questions.

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

MAJOR QUESTION

How can I use mentoring to foster personal and professional success?

THE BIGGER PICTURE

Mentoring is another mechanism for embedding organizational culture because mentors play a key role in socializing newcomers. This section can help you understand how to benefit from mentoring, which ultimately should help you obtain career satisfaction and promotions.

The modern word *mentor* derives from Mentor, the name of a wise and trusted counselor in Greek mythology. Terms typically used in connection with mentoring are *teacher, coach, sponsor,* and *peer*. ***Mentoring* is the process of forming and maintaining intensive and lasting developmental relationships between a variety of developers (people who provide career and psychosocial support) and a junior person (the protégé, if male, or protégée, if female).**[112] Mentoring can serve to embed an organization's culture when developers and the protégé/protégée work in the same organization for two reasons. First, mentoring contributes to creating a sense of oneness by promoting the acceptance of the organization's core values throughout the organization. Second, the networking aspect of mentoring also promotes positive interpersonal relationships.

Not only is mentoring valuable as a tactic for embedding organizational culture, but research suggests it can significantly influence the protégé/protégée's future career.[113] This section reviews the functions of mentoring, the role of human and social capital in mentoring, and the personal implications of mentoring.

Big Brothers Big Sisters is the largest volunteer mentoring network in the United States. The organization has paired adults with children for over 100 years. A survey of adults who participated in the program as children revealed that 83 percent obtained values and principles that influenced them throughout their lives.

Functions of Mentoring

Kathy Kram, a Boston University researcher, conducted in-depth interviews with 18 pairs of senior and junior managers. As a by-product of this study, Kram identified two general functions of the mentoring process—career and psychosocial—that occur over four phases.

Five *career functions* that enhanced career development were:

1. Sponsorship
2. Exposure and visibility
3. Coaching
4. Protection
5. Challenging assignments

Four *psychosocial functions* were:

1. Role modeling
2. Acceptance and confirmation
3. Counseling
4. Friendship

Four Phases of Mentoring The four phases of mentoring are initiation, cultivation, separation, and redefinition. The *initiation* phase lasts 6 to 12 months and starts during the encounter phase of socialization. Mentors socialize new employees about the values, norms, and expectations associated with the organization's culture during this phase. If you don't get connected to a mentor during this period of employment, we suggest actively seeking someone out. The *cultivation* phase spans two to five years and entails the protégé/protégée receiving a host of career and psychosocial guidance. Your ability to learn the ropes and master the tasks during this phase is essential for future promotions. In the *separation* phase you detach from your mentor and become more autonomous. During the *redefinition* phases, you and your mentor start interacting as peers.[114]

Benefits of Mentoring Mentoring leads to more positive outcomes for the protégé/protégée when several conditions are present, some of which the protégé cannot control.

- Both mentor and protégé/protégée possess emotional intelligence.
- The mentor is male and the protégé/protégée is a minority or non-Caucasian.
- The mentoring relationship is formal rather than informal.[115]
- The mentor is skilled at coaching, is a good role model, and possesses social capital.[116]
- The protégé/protégée possesses high levels of human and social capital—discussed in the next section.[117]

Human and Social Capital Enhance the Benefits of Mentoring

Human Capital ***Human capital* is the productive potential of an individual's knowledge, skills, and experiences.** *Potential* is the operative word in this definition. When you are hungry, money in your pocket is good because it has the potential to buy a meal. Likewise, a protégé/protégée with the right combination of knowledge, skills, and motivation to excel possesses human capital with the potential to give the organization a competitive advantage. Developing your human capital not only enables you to more effectively do your job, but it also makes you more attractive to mentors, who have options when selecting protégé/protégées. You may find this surprising, but a recent study showed that lack of sleep depletes your human capital and lowers performance.[118] Get the proper amount of sleep to perform at your best.

Scripps Health, a nonprofit health care system in San Diego and the 42nd best place to work in 2016 according to *Fortune,* helps employees develop human capital by providing career coaching and up to $7,300 per year in tuition reimbursement and scholarships. The company also offers a wide variety of internal courses that focus on employee development.[119]

Social Capital ***Social capital*** **is the productive potential resulting from relationships, goodwill, trust, and cooperative effort.** Again, the word *potential* is key. Social capital helps you during the anticipatory phase of socialization. For example, a national survey of recruiters revealed that 74 percent found the highest-quality job applicants were employee referrals. Referrals also tend to stay longer at their jobs, a result of better P-O fit.[120]

Social capital is beneficial beyond the early stages of your career, particularly when you are developing trusting relationships with others. Trusting relationships lead to more job and business opportunities, faster advancement, greater capacity to innovate, and more status and authority.[121] Consider, for example, the experience of members from the Silicon Beach Surfers.

> **EXAMPLE** Part professional association, social club, and networking group, the Silicon Beach Surfers group was formed by Rob Lambert. The group meets at a variety of surf spots between Manhattan Beach and Malibu. Although members share a passion for surfing, they also discuss common experiences at work. "The idea is to build a rapport through surfing, and then those conversations can happen organically," said Lambert. Aaron Godfred found his job through the group, but he has also used it to hire others.[122]

The moral of the story is that it pays to have a rich network of good relationships. Social capital helps make that possible.

It's no surprise that outdoor activities like surfing are great opportunities to build one's social capital. You can build your social capital by making contacts with those you spend your leisure time. Both of your authors have made important contacts while golfing with others. © Royalty-Free/Corbis

Personal Implications

Here are four key implications to consider:

1. **Build a broad developmental network because the number and quality of your contacts influences your career success.** In doing this, keep in mind the comments of two networking experts: "Relationships are living, breathing things. Feed, nurture, and care about them; they grow. Neglect them; they die."[123] Invest time in your developmental relationships.
2. **Seek consistency or congruence between your career goals and the type of developmental network at your disposal.** This alignment has a big influence on job and career satisfaction. For example, if you are interested in a job in finance, try to develop relationships with people with a finance background. If you want to start your own business one day, try to network with a diverse group of people. This should help broaden your understanding of what it takes to start a business.
3. **A mentor's willingness to provide career and psychosocial assistance depends on the protégé/protégée's ability and potential and the quality of the interpersonal relationship.**[124] This point underscores the value of building your human and social capital.
4. **Develop a mentoring plan.** Experts suggest your plan should include the following steps:[125]
   - Base your mentoring goals on what you want to learn, and then prioritize them.
   - Identify people who are skilled or experienced in areas where you want to improve. Don't overlook your peers; they are a good source of functional, technical, and organizational knowledge.
   - Decide how best to build a relationship with your targeted individuals.
   - Figure out how you can provide value to your mentor. Because mentoring is a two-way street, others are more likely to help you if they see some value in assisting you to pursue your career goals.
   - Recognize when it is time to move on. Mentors are not forever. If you believe your mentor is ineffective or harming more than helping, find a new mentor. It's easy to become stuck with one mentor. Expanding your horizons will not only benefit you, but it can help the mentor develop his or her mentoring skills as well.

Are you being adequately mentored? If not, you are more likely to experience adverse work attitudes, performance, and career outcomes. Self-Assessment 14.4 was created so you can take stock of your level of mentoring.

connect SELF-ASSESSMENT 14.4

Assessing My Level of Mentoring

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 14.4 in Connect.

1. What is your level of mentoring?
2. After identifying your three lowest-scoring items in the survey, propose steps you can take to improve your level of mentoring.
3. How will you evaluate the success of these steps?

What Did I Learn?

You learned that organizational culture helps managers to create competitive advantage. You examined the function and types of culture and considered how managers can change culture. Finally, you now know that socialization and mentoring are two processes organizations use to embed organizational culture. As an employee you realize how to use this knowledge to understand your employer's culture and how best to fit in. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Organizing Framework. Finally, challenge your mastery of this chapter by answering the Major Questions in your own words.

Key Points for Understanding Chapter 14

You learned the following key points.

14.1 THE FOUNDATION OF ORGANIZATIONAL CULTURE: UNDERSTANDING ITS DRIVERS AND FUNCTIONS

- Culture is a shared concept that we learn over time. It also influences our behavior at work and outcomes at multiple levels.
- The three levels of organizational culture are observable artifacts, espoused values, and basic underlying assumptions.
- Espoused values are the explicitly stated values and norms an organization prefers. Enacted values, in contrast, are the values and norms we actually see in employee behavior.
- Four functions of organizational culture are to establish organizational identity, encourage collective commitment, ensure social system stability, and act as a device for sense-making.

14.2 THE IMPACT OF ORGANIZATIONAL CULTURE TYPES ON OUTCOMES

- The competing values framework identifies four types of organizational culture. A clan culture has an employee focus. Adhocracy and market cultures have external foci that emphasize innovation/growth and market share/profitability, respectively. Hierarchical cultures are internally focused on efficiency and smooth functioning.
- There are six conclusions about outcomes associated with organizational culture: (1) culture is related to the way an organization measures its effectiveness; (2) employees are more satisfied and committed to companies with clan cultures; (3) clan and market cultures are more likely to deliver higher customer satisfactions and market share; (4) operational outcomes, quality, and innovation are more strongly related to clan, adhocracy, and market cultures; (5) an organization's financial performance is not strongly related to culture; and (6) companies with market cultures tend to have more positive organizational outcomes.
- Subcultures should be integrated with a company's overall culture.

14.3 MECHANISMS OR LEVERS FOR CULTURE CHANGE

- Here are four key points about culture change. First, leaders are the architects and developers of organizational culture. Second, the process of culture change begins with targeting the three layers of culture. Third, culture needs to be aligned with a company's vision and strategic plan. Finally, a structured approach works best when implementing culture change.
- Managers can change organizational culture in 12 ways.
- Good person–organization fit is associated with positive work attitudes and performance.

14.4 EMBEDDING ORGANIZATIONAL CULTURE THROUGH THE SOCIALIZATION PROCESS

- Socialization is a key mechanism organizations use to embed their organizational cultures. It turns outsiders into fully functioning insiders.

- The three-phase model of socialization proposes that anticipatory socialization, encounter, and change and acquisition take place.
- Six opposite pairs of socialization tactics are collective versus individual, formal versus informal, sequential versus random, fixed versus variable, serial versus disjunctive, and investiture versus divestiture.

14.5 EMBEDDING ORGANIZATIONAL CULTURE THROUGH MENTORING

- Mentoring helps embed organizational culture in two ways. First, it contributes to creating a sense of oneness by promoting acceptance of the organization's values. Second, the socialization aspect of mentoring promotes a sense of membership.
- Mentoring has two general functions: career and psychosocial.
- Mentoring occurs in four phases: initiation, cultivation, separation, and redefinition.
- The human and social capital of both parties enhance the benefits of mentoring.
- There are four important personal implications of effective mentoring. First, build a broad developmental network because the number and quality of your contacts influences your career success. Second, seek consistency or congruence between your career goals and the type of developmental network at your disposal. Third, a mentor's willingness to provide career and psychosocial assistance depends on the protégé/protégée's ability and potential and the quality of the interpersonal relationship. Finally, develop a mentoring plan.

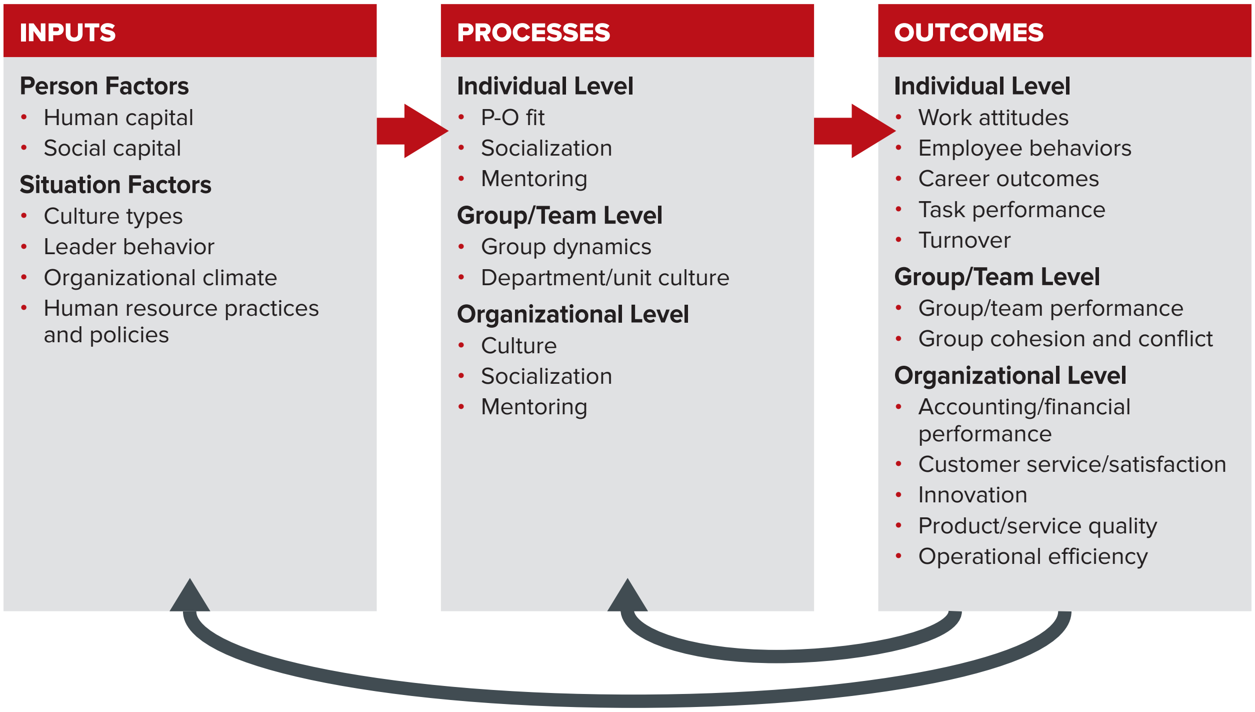
The Organizing Framework for Chapter 14

As shown in Figure 14.8, you learned that two person factors and four situation factors influence individual, group/team, and organizational processes. You now understand the power of organizational culture, having considered many outcomes related to it. The Outcomes box shows five individual-, two group/team-, and five organizational-level outcomes influenced by culture, socialization, and mentoring.

Challenge: Major Questions for Chapter 14

You now should be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the

FIGURE 14.8 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



chapter? Refer to the Key Points, Figure 14.8, the chapter itself, and your notes to revisit and answer the following major questions:

1. What is culture and why is it helpful to understand its layers and functions?
2. How are different types of organizational culture related to important outcomes?
3. What mechanisms or levers can I use to implement culture change?
4. How can I integrate the findings of socialization research with the three phases of socialization?
5. How can I use mentoring to foster personal and professional success?

IMPLICATIONS FOR ME

This chapter highlights seven implications for you. First, person–organization fit matters. It's important to assess your level of fit with current and future employers. Use the recommendations discussed in the Winning at Work feature at the start of the chapter to help in this effort. Second, departments or work units contain subcultures, suggesting that you should also assess the level of fit at this level. Third, awareness of the 12 mechanisms for changing culture provides insight you can use to help your employer move its culture in a desired direction. Fourth, if you are not getting what you need to perform a new job, stop and ask for guidance. Too many companies take an ad hoc approach toward socialization, which adversely affects your level of success. Fifth, you can continually upgrade your human and social capital. Take ownership for enhancing your skills, abilities, and developmental networks as well as your interpersonal relationships if you want to experience career advancement throughout your life. You get what you give. Sixth, don't contact mentors only when you want something. Build and maintain relationships by continuing to have regular contact with people in your developmental network. Finally, proficiency with social networking tools such as Twitter, LinkedIn, and Facebook will help find jobs throughout your career.

IMPLICATIONS FOR MANAGERS

There are six implications for managers. First, managing organizational culture is one of the most important aspects of your job. Remember, culture eats strategy for breakfast. Second, culture is important because it performs four key functions for employees. Use this knowledge to help employees reach their maximum potential. Third, consider the extent to which your unit's culture is fostering the type of work environment needed to help you achieve department goals. If the culture is conflicting with your strategies or goals, consider using one of the 12 mechanisms for changing culture. Fourth, assess the extent to which your unit's culture is consistent with the company's overall culture. Make changes as needed. Fifth, take an active role in socializing employees. It's good for you and your employer. Finally, we all benefit from mentoring. Spend time developing your own human and social capital. You never know when a new opportunity will arise.

PROBLEM-SOLVING APPLICATION CASE

Zenefits Experiences the Pains of Growth

David Sacks was hired in 2014 as the chief operating officer at Zenefits. He later was given the role CEO in 2016 after cofounder Parker Conrad resigned. Sacks faced a company struggling to meet its financial goals, a culture run wild, and a slew of formal investigations regarding the company use of unlicensed brokers to sell insurance. He now had to decide what to do.

PHASE ONE: GROW, GROW, GROW

Zenefits was the brainchild of Parker Conrad. Conrad came up with idea while working at start-up SigFig. He also cofounded that company, but his college friend and cofounder/co-CEO fired him. The day he left SigFig in 2013, Conrad incorporated Zenefits with $20,000 of his personal savings.

Conrad had learned that small companies like SigFig do not have the people to handle the administrative work that comes with having employees. Activities like signing people up for insurance and tracking compensation took time and paperwork. Conrad thought much of the work could be automated, saving companies substantial money. This was the concept behind Zenefits, which he dubbed the "hub and spoke" business model.[126]

The core idea was to create software to do the human resource paperwork and then give it away for free. Zenefits focused on small businesses because they were less likely to already have such software and they were too small to hire HR employees. The hub and spoke model relied on making the software very easy to use. The software was the hub and the spokes were related ways of making money, such as selling insurance. This would entice companies to "want to do everything through our system, including health insurance, other benefits, and payroll," Conrad said. "Hey, we can actually make enough money on all of these spokes that it makes sense to give the hub away for free."[127]

Conrad knew that selling insurance was a very lucrative spoke in the model. He noted that "when companies use Zenefits to buy a group plan, we get a commission from the insurance carrier, like any other broker. . . . Zenefits also integrates with different payroll systems. We get a revenue share from the payroll companies on the clients we send to them."[128] The business model worked.

Eight months after launching, Zenefits achieved $1 million of run-rate revenue (run-rate revenue is an accounting measure used by subscription-based software companies). A year later, the company was at $20 million in run-rate revenue. By that time its base had grown to more than 2,000 small companies across 47 states. Conrad then decided to set a stretch goal of achieving $100 million for the next year. It appears he was interested in growth more than anything else. To fuel this growth, the company raised $581 million from venture capitalists.

PHASE TWO: PROBLEMS ARISE

Zenefits is one of the fastest-growing cloud companies ever, according to a reporter from *Business Insider.*[129] The company grew from 15 employees to more than 1,600 in three years. And although it booked $80 million in revenue in 2015, investors were not pleased that it missed the $100 million goal Conrad had announced. Fidelity Investments "had written down about half the value of its $10 million investment in the company, indicating Zenefits valuation had tanked. Then *The Wall Street Journal* reported that Zenefits was running into 'turbulence' and had implemented some hiring freezes and cost-cutting measures."[130]

These negative evaluations were also related to regulatory problems. *The New York Times* reported that "insurance regulators in California and Washington State have been investigating the company. According to people with knowledge of the investigation, at the root of the California inquiry is software that Mr. Conrad created to let Zenefits' employees cheat on the state's online broker license course."[131] Consider the issues behind these allegations.

"Insurance brokers must pass a state licensing exam before they can legally sell or advise people on insurance. Each state has a different exam and training requirements. In California, brokers had to spend at least 52 hours on an online training course. Zenefits says Conrad created a Google Chrome browser extension that allowed people to bypass the 52-hour rule by making it appear as if they were working on the course when they weren't."[132] The modification was referred to as "the macro" within the company, and Conrad admits to creating it.[133]

Nor did Zenefits properly track who was allowed to sell insurance in different states, so some people were likely selling insurance in states where they were not licensed. One employee who was licensed as an insurance broker told *Bloomberg Businessweek* that he was not allowed to sell insurance. Instead, he made cold calls and gave leads to other brokers who were supposed to close the deals. "I was giving [clients] to people who didn't have their insurance license," he said. "They were selling insurance illegally." He also said he told his boss about these issues and nothing was done to correct the problem. *BuzzFeed* estimated that 83 percent of the sales in Washington State were made by unlicensed brokers. If true, this opens the company to fines of $20,000 for each violation.[134]

The *Times* noted that Zenefits' focus on growth created other problems. For one, it resulted in the hiring of people with "little experience with software sales in a highly regulated industry. . . . To increase revenue, the company moved beyond small businesses to customers with hundreds of employees—and the software struggled to keep up. Instead of pausing to fix bugs, Zenefits simply hired more employees to fill in where the software failed, including repurposing product managers for manual data entry."[135]

Quality problems arose because employees could not keep up with the workload. For example, customers reported that employees' insurance claims could not be processed because of errors in the forms, such as incorrect names and dates. It appears that Zenefits did not have effective quality control processes in place that could handle its growth.[136]

Employee morale began to deteriorate as a result of 15-hour days and a change that reduced compensation for people in the sales development organization. The company lowered base salaries while increasing variable pay—the amount of pay tied to selling products.[137] The work environment also was lax about adhering to rules and norms for professionalism.

According to *The Wall Street Journal,* employees would gather and do shots of alcohol when someone signed a big new client. Sacks, the new CEO, was told by "building management and security [at the San Francisco office] that the stairwells are being used inappropriately. . . . Cigarettes, plastic cups filled with beer, and several used condoms were found in the stairwell." The *Journal* described the culture as having a "frat-house feel."[138] "Zenefits offered beer kegs in its offices, and in the Scottsdale, Arizona, office, people freely imbibed during the workday. According to one staff member, managers had to remind employees to turn their Zenefits T-shirts inside-out before partying at local bars, so their rowdiness didn't reflect badly on the company."[139]

Sacks and Conrad also had conflicting leadership styles. Sacks continually argued with Conrad about his micromanaging the company's HR decisions. "Zenefits uses its own product to manage its employees, and Conrad controlled the account, which meant he personally approved every benefits change or vacation request" for more than 1,000 employees. HR employees did not have access to the system.[140]

PHASE THREE: CONRAD RESIGNS AND DAVID SACKS BECOMES CEO

In 2016 the board asked Conrad to resign because of his role in the insurance allegations. One of Sacks's first actions was to cut back on the party atmosphere—clan culture run wild—and instill some hierarchy. He immediately banned alcohol in the office and communicated that a culture change was needed. A Zenefits spokesperson said, "As Zenefits' new CEO has made clear, it is time to turn the page at Zenefits and embrace a new set of corporate values and culture. Zenefits is now focused on developing business practices that will ensure compliance with all regulatory requirements, and making certain that the company operates with integrity as its No. 1 value."[141]

Sacks also has to deal with low employee morale, decreased business valuations, and a bloated cost structure given the company's lower run-rate revenue.

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework in Figure 14.8 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of David Sacks.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 14.8. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 14.8 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box shown in Figure 14.8. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 14 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Should the Citadel Change Its Socialization Practices?

The Citadel—The Military College of South Carolina—was founded in 1842. It has a student body of about 2,300 undergraduates (2,121 males and 171 females) and about 1,000 graduate students. The college's vision is "achieving excellence in the education and development of principled leaders." Its "primary purpose has been to educate undergraduates as members of the South Carolina Corps of Cadets and to prepare them for post-graduate positions of leadership through academic programs of recognized excellence supported by the best features of a military environment. The cadet lifestyle provides a structured environment that supports growth and development of each student's intellect, discipline, physical fitness, and moral and ethical values."[142]

In socializing new students, the Citadel uses the divestiture approach reviewed in Table 14.2. In this method, organizations attempt to strip away a newcomer's existing sense of self and reorient it into one that conforms to the institution's image. College President Lt. General John Rosa said, "The cadet system is based on common uniform and standardization of cadets in appearance, actions, and privileges is essential to the military system."[143]

A newly admitted female student requested to wear a traditional Muslim headscarf, called a hijab. President Rosa said the school respects students' religious views, but could not accommodate a request that would disrupt the school's core principles. "Uniformity is the cornerstone of this four-year leader development model," said Rosa. The school does make accommodations for prayer and dietary needs.[144]

The students' parents are considering legal action because the Citadel is a public university.

Solving the Dilemma

Assuming you were the president of the Citadel, what would you do?

1. The college has the right to determine its own mission, culture, and socialization techniques. I would deny the request because such action is consistent with the Citadel's mission, culture, and method of socialization.
2. The college is a public institution and it needs to be more open-minded when it comes to supporting diversity. I would accommodate the woman based on religious considerations.
3. I would deny the request because the Citadel is a military school. The prospective student knew this coming in, and she should not have applied if she could not abide by the dress code for religious reasons.
4. Invent other options.

15 ORGANIZATIONAL DESIGN, EFFECTIVENESS, AND INNOVATION

How Can Understanding These Key Processes and Outcomes Help Me Succeed?

Major Topics I'll Learn and Questions I Should Be Able to Answer

15.1 **The Foundation of an Organization**
MAJOR QUESTION: *How can knowledge about an organization's foundation help me in my career?*

15.2 **Organizational Design**
MAJOR QUESTION: *What are the seven basic ways in which organizations are structured, and how do these structures relate to the organization's purpose?*

15.3 **Contingency Design and Internal Alignment**
MAJOR QUESTION: *How can I use knowledge about contingent organization design and internal alignment to improve my satisfaction and performance?*

15.4 **Assessing Organizational Effectiveness**
MAJOR QUESTION: *What does its choice of ways to measure its effectiveness tell me about an organization?*

15.5 **Organizational Innovation**
MAJOR QUESTION: *How can I support my employer's attempts to innovate?*

The Organizing Framework shown in Figure 15.1 summarizes what you will learn in this chapter. The influences on key processes at the individual, group, and organizational levels are three person factors (attitudes about freelancing, goal orientation and P-O fit) and six situation factors (organizational structure, organizational culture, organizational climate, organizational vision and values, contingency factors, and office design). The greater number of situation rather than person factors impacting processes reveals that situation factors play a more important role in explaining the OB outcomes discussed in this chapter. However, OB processes affect outcomes at all three levels.

FIGURE 15.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Attitudes about freelancing
- Goal orientation
- P-O fit

Situation Factors
- Organizational structure
- Organizational culture
- Organizational climate
- Organizational vision and values
- Contingency factors
- Physical environment

PROCESSES

Individual Level
- Decision making

Group/Team Level
- Postmortems of failure
- Decision making
- Communication

Organizational Level
- Organizational learning
- Human resource policies, practices, and procedures
- Communication
- Balanced scorecard
- Strategy maps
- Innovation system

OUTCOMES

Individual Level
- Job satisfaction
- Performance
- Creativity

Group/Team Level
- Group/team performance
- Innovation

Organizational Level
- Accounting/financial performance
- Innovation

These two photos are great representations of how organizational design and innovation have changed over the years. The photo of workers on the left depicts a typical department in the early 1900s. Note the linear set of desks and the seriousness with which people are working. If you look toward the left edge of this photo you will see managers in the aisle watching over the workers. Organizations tended to be structured more hierarchically and relied on more managerial oversight. In contrast, modern day offices tend to be more open, which encourages more spontaneous interactions among coworkers. Research shows that creativity and innovation are enhanced by spontaneous interactions.

SOURCE: (left): Library of Congress Prints & Photographs Division [LC-DIG-hec-29780]; (right): © Robert Daly/Getty Images

Winning at Work

Working Virtually Takes Special Preparations

Advances in social networking, videoconferencing, cloud storage, and mobile technology have enabled more employees to work virtually. Whether you work for a company such as FlexJobs, which has 43 employees who all work from home offices, or a company that prefers employees show up at the office, it is likely you will perform some of your work away from the office. An estimated 3.7 million employees, about 2.8 percent of the workforce, currently work from home about 50 percent of the time. Further, a national survey revealed that 85 percent of millennials, people born between 1980 and 2001, would prefer to telecommute full-time.[1]

Why Is It Hard to Work Virtually?

Although you can work virtually from almost anywhere, most virtual work is done at home. Three primary issues make this challenging. The first is the need for personal contact and social interaction. Many of us enjoy the social contact and camaraderie that comes with working in an office. Second, many people have difficulty creating boundaries between their work and home life. Finally, it takes discipline to work from home. There are no managers or colleagues around to prompt you to get things done.

Tips for Working Virtually

1. **Separate work life from home life.** You need dedicated space to work, free of clutter and distractions (like the TV). It should feel like an office, be well lit, and allow for privacy. One expert suggested that you "establish 'do not disturb' guidelines, work hours, break times, and a policy on handling personal matters . . . no doing dishes or laundry or taking out the trash during work hours . . . treat your home office as if it were a 'real' office located somewhere else."[2]
2. **Set your work hours.** Too much flexibility can lead to distractions and wasted time. Commit to specific hours just as if you were going to an office. Otherwise you may find yourself putting off your work or working around the clock to make up for it.
3. **Establish and maintain a morning routine.** You want your morning routine to put you into a productive mind-set. Business writer Shannon Cyr recommends that virtual workers should "take a shower, get dressed, brush your teeth, make the bed, exercise, make coffee, eat breakfast, or meditate. Regardless of what you do to start your day, the trick is to remain consistent in your routine so you give your brain a signal it's time to start the workday."[3]
4. **Set expectations with family and friends.** Talk to family and friends about your need to minimize distractions while working from home. You need to be left alone. It must be clear that working from home doesn't mean you are available to answer personal questions any more than if you worked at an office. Interruptions should be allowed for important issues.
5. **Establish goals and to-do lists.** A list of things you need to get done will help you focus on the work and avoid distractions or the tendency to procrastinate. One of your authors, Angelo Kinicki, works virtually and starts every day with a prioritized list of things to accomplish.
6. **Communicate with people in your professional network.** Out of sight, out of mind. Proactive communication with your network is essential if you are working virtually. This obviously includes your boss and coworkers, but also customers, vendors, and personal contacts. We recommend that you make an effort to lunch with work colleagues and others in your network.
7. **Get the desired level of human interaction.** Schedule time to meet face-to-face with coworkers and friends. You will have to make a special effort because you are the one away from the office.
8. **Know yourself before saying yes.** Working virtually is not for everyone. It takes self-motivation, flexibility, emotional intelligence, and sensitivity to what others need.[4] If you don't have these skills, it may be better to say no to telecommuting.

What's Ahead in This Chapter

This second chapter on macro OB highlights the way organizational structure and design affect organizational-level outcomes. We begin by exploring the basic foundation of an organization and then review seven basic ways organizations are structured. Next, we review the contingency approach to organizational design and four basic effectiveness criteria used by organizations. We conclude by exploring innovation and ways in which you can foster it.

15.1 THE FOUNDATION OF AN ORGANIZATION

MAJOR QUESTION

How can knowledge about an organization's foundation help me in my career?

THE BIGGER PICTURE

Whether they are for-profit, nonprofit, or mutual benefit, organizations possess some common characteristics. The better you understand these foundations, the better prepared you will be to perform at any level of the organization. You'll explore these commonalities and more, such as the difference between closed and open systems and the way organizations can become learning organizations. As a necessary springboard for this chapter, we formally define the term *organization,* clarify the meaning of organization charts, and explore two open-system perspectives of organizations.

What Is an Organization?

From a design perspective, an ***organization*** **is "a system of consciously coordinated activities or forces of two or more persons."**[5] Earlier in this book, the everyday understanding of organization was adequate for our discussions. But this formal definition is especially helpful now because the phrase "consciously coordinated" underscores the importance of organizational design.

Embodied in the *conscious coordination* aspect of this definition are four common denominators of all organizations: coordination of effort, aligned goals, division of labor, and a hierarchy of authority.[6]

- **Coordination of effort** is achieved through formulation and enforcement of policies, rules, and regulations.
- **Aligned goals** start with the development of a companywide strategic plan. These strategic goals are then cascaded down through the organization so employees are aligned in their pursuit of common goals.
- **Division of labor** occurs when the common goals are pursued by individuals performing separate but related tasks.
- **Hierarchy of authority,** also called the chain of command, is a control mechanism dedicated to making sure the right people do the right things at the right time. Historically, managers have maintained the integrity of the hierarchy of authority by adhering to the unity of command principle. **The *unity of command principle* specifies that each employee should report to only one manager.** Otherwise, the argument goes, inefficiency would prevail because of conflicting orders and lack of personal accountability. As you will learn in this chapter, this philosophy of managing and structuring organizations has been replaced by more dynamic approaches.[7]

When operating in concert, the four foundational factors—coordination of effort, aligned goals, division of labor, and a hierarchy of authority—enable an organization to come to life and function.

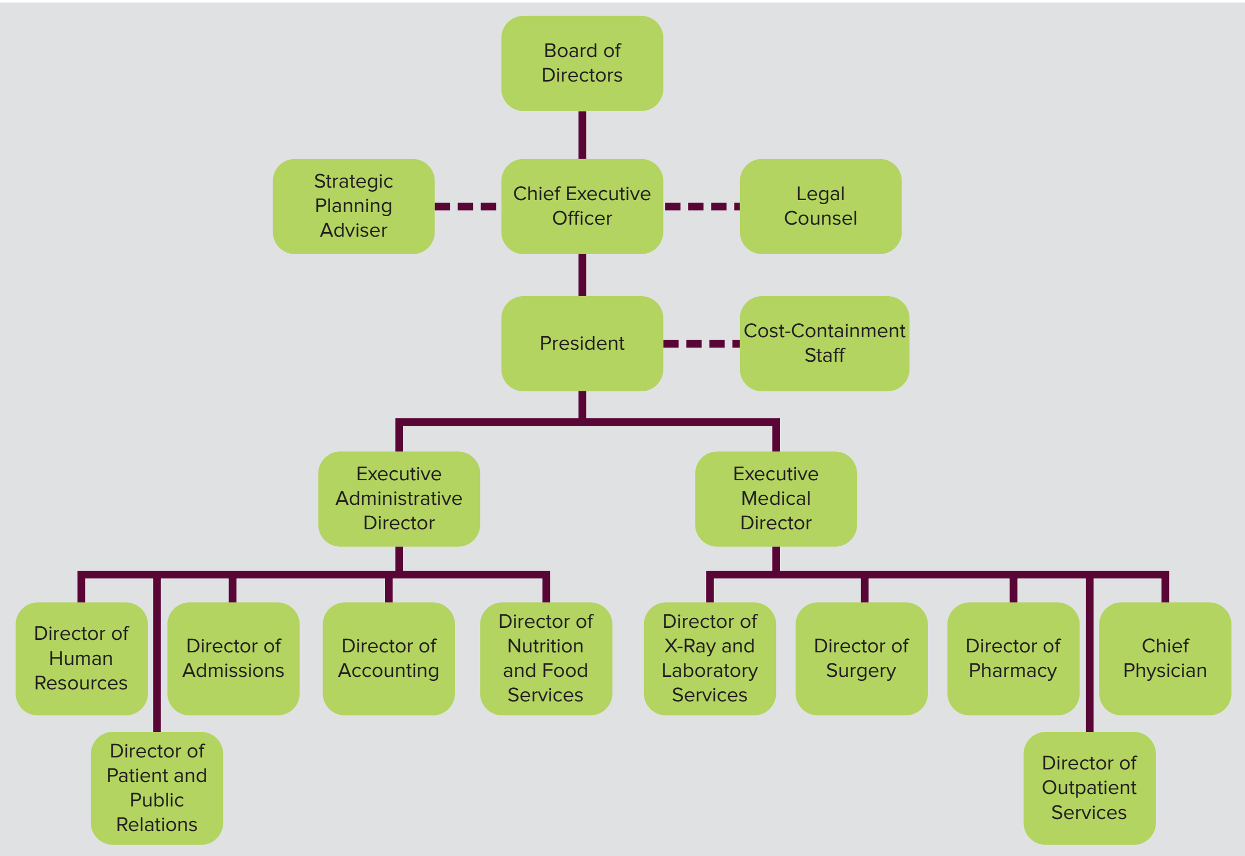
Organization Charts

An organization chart is a graphic representation of formal authority and division of labor relationships. Within each box is the name and title of a current position holder. Informally, we can think of an *organization chart* as a family tree. To organization theorists, however, organization charts reveal much more. The partial organization chart in Figure 15.2 shows four basic dimensions of organizational structure: (1) hierarchy of authority (who reports to whom), (2) division of labor, (3) spans of control, and (4) line and staff positions.

Hierarchy of Authority As Figure 15.2 illustrates, an organization has an unmistakable structure or chain of command. Working from bottom to top, the 10 directors report to the two executive directors who report to the president who reports to the chief executive officer. Ultimately, the chief executive officer answers to the hospital's board of directors. The chart in Figure 15.2 shows strict unity of command up and down the line. A formal hierarchy of authority also delineates the official communication network and speaks volumes about compensation. Research shows that the difference in pay between successive layers tends to increase over time.[8]

Division of Labor Our sample organization chart indicates extensive division of labor. Immediately below the hospital's president, one executive director is responsible for general administration, while another is responsible for medical affairs. Each of these two specialties is further subdivided, as indicated by the next layer of positions. At each successively lower level in the organization, jobs become more specialized.

FIGURE 15.2 SAMPLE ORGANIZATION CHART FOR A HOSPITAL (EXECUTIVE AND DIRECTOR LEVELS ONLY)



Spans of Control ***Span of control*** **describes the number of people reporting directly to a given manager.** Spans of control can range from narrow to wide. For example, the president in Figure 15.2 has a narrow span of control of two. (Staff assistants usually are not included in a manager's span of control.) Narrow spans of control tend to create "taller" or more hierarchical organizations. In contrast, a wide span of control leads to a "flat" organization. The executive administrative director in Figure 15.2 has a wider span of control of five. Historically, spans of 7 to 10 people were considered best. More recently, however, corporate restructuring and improved communication technologies have increased the typical span of control.[9]

Although there is no consensus regarding the optimal span of control, managers should consider four factors when establishing spans of control: organizational size, managers' skill level, organizational culture, and managerial responsibilities. Let's consider each of these factors.[10]

1. **Organizational size.** Larger organizations tend to have narrower spans of control and more organizational layers, whereas smaller ones have a wider span of control. Costs tend to be higher in organizations with narrow spans due to the increased expense of having more managers. Communication also tends to be slower in narrow spans because information must travel throughout multiple organizational layers.
2. **Skill level.** Complex tasks require more managerial input, thereby suggesting a narrow span of control. Conversely, routine tasks do not require much supervision, leading to the use of a wider span of control.
3. **Organizational culture.** Narrow spans of control are more likely in companies with a hierarchical culture because they focus on internal integration and stability and control—recall Figure 14.4. In contrast, wider spans of control are more likely to be found in companies that desire flexibility and discretion, cultures characterized as clan or adhocracy. Wider spans also complement cultures that desire greater worker autonomy and participation.
4. **Managerial responsibilities.** The most senior-level executives tend to have narrower spans of control than middle managers because their responsibilities are broader in scope and more complex. It's important to consider the breadth of a person's responsibilities when deciding his or her span of control.

Line and Staff Positions The organization chart in Figure 15.2 also distinguishes between line and staff positions. Line managers such as the president, the two executive directors, and the various directors occupy formal decision-making positions within the chain of command. Line positions generally are connected by solid lines on organization charts. Dotted lines indicate staff relationships. ***Staff employees*** **do background research and provide technical advice and recommendations to their line managers.** ***Line managers*** **generally have the authority to make decisions for their units.** For example, the cost-containment specialists in the sample organization chart merely advise the president on relevant matters. Apart from supervising the work of their own staff assistants, they have no line authority over other organizational members. Modern trends such as cross-functional teams and matrix structures, discussed later in this chapter, are blurring the distinction between line and staff.

An Open-System Perspective of Organizations

To better understand how organizational models have evolved over the years, we need to know the difference between closed and open systems. A ***closed system*** **is a self-sufficient entity.** It is "closed" to the surrounding environment. In contrast, an ***open system*** **depends on constant interaction with the environment for survival.** The distinction between closed and open systems is a matter of degree. Because every worldly system is partly closed and partly open, the key question is: How great a role does the environment play in the functioning of the system? For instance, a battery-powered clock is a relatively closed system. Once the battery has been inserted, the clock performs its time-keeping function hour after hour until the battery goes dead. The human body, on the other hand, is a highly open system because it requires a constant supply of life-sustaining oxygen from the environment. Nutrients and water also are imported from the environment. Open systems are capable of self-correction, adaptation, and growth, thanks to feedback from the environment.

Whole Foods Market is putting increased pressure on farms like this to produce products that are Responsibly Grown. This organic farm of green and red lettuce would need to meet Whole Foods standards if it wants to sell produce to the company. Do you think it is fair for chains like Whole Foods to create additional standards that increase a farmer's costs?

Whole Foods Market's approach to the growing and selling of organic food is good example of an open system. John Mackey, cofounder and co-CEO of Whole Foods Market, believes this industry can benefit from systems thinking. "Organic has grown stale. Its guidelines prohibit the use of synthetic fertilizers and pesticides, which is a good thing," he says. But they don't address all the burgeoning issues—from excessive water usage to the treatment of migrant laborers—facing agriculture today. And once farmers are certified as organic, Mackey believes they have little incentive to improve their practices. Mackey concludes, "Organic is a great system, but it's not a complete solution." Whole Foods thus decided to take a more open-systems approach by implementing a new system called Responsibly Grown. The program measures factors such as energy conservation, waste reduction, and farmworker welfare. As you might imagine, many local organic growers are angry about these changes, claiming they will increase their costs. Whole Foods has made some small adjustments to the program based on this feedback, but Mackey is staying with it. He firmly believes an open-systems approach is better for consumers and the planet.[11]

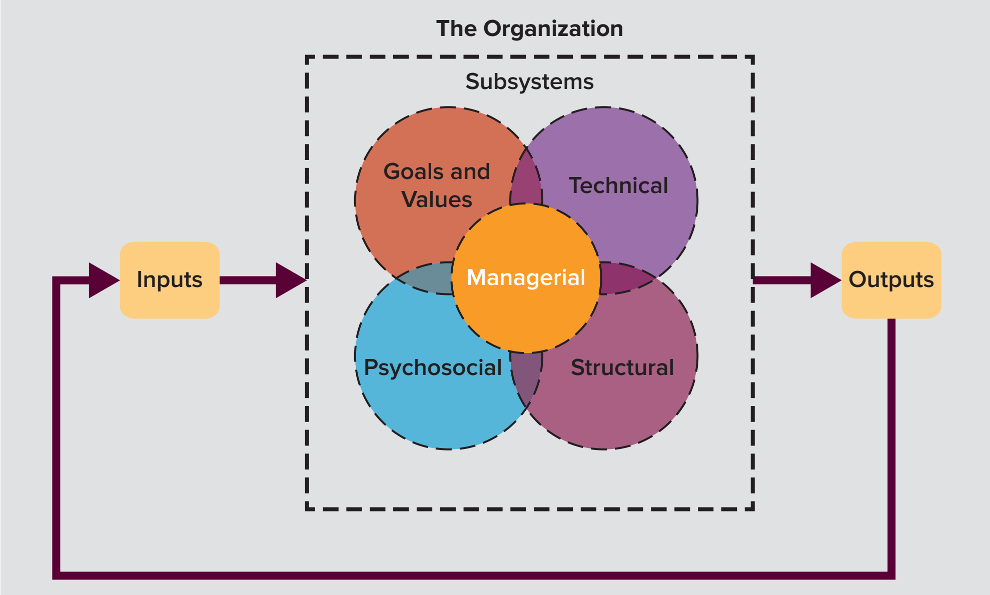
Historically, management theorists downplayed the environment because they used closed-system thinking to characterize organizations as either well-oiled machines or highly disciplined military units. They believed rigorous planning and control would eliminate environmental uncertainty. But that approach proved unrealistic. Drawing on the field of general systems theory that emerged during the 1950s, organization theorists suggested a more dynamic model for organizations.[12] The resulting open-system model likened organizations to the human body. Accordingly, the model in Figure 15.3 reveals the organization to be a living organism that transforms inputs into various outputs. (Notice the similarity to the Input, Process, and Outcome features of the Organizing Framework for Understanding and Applying OB.) The outer boundary of the organization is permeable. People, information, capital, and goods and services move back and forth across this boundary.

Moreover, each of the five organizational subsystems—goals and values, technical, psychosocial, structural, and managerial—is dependent on the others. Feedback about such things as sales and customer satisfaction enables the organization to self-adjust and survive despite uncertainty and change. In effect, the organization is alive.

Learning Organizations

In recent years, organizational theorists have extended the open-system model by adding a "brain" to the "living body." Organizations are said to have humanlike cognitive functions, such as the abilities to perceive and interpret, solve problems, store information,

FIGURE 15.3 THE ORGANIZATION AS AN OPEN SYSTEM

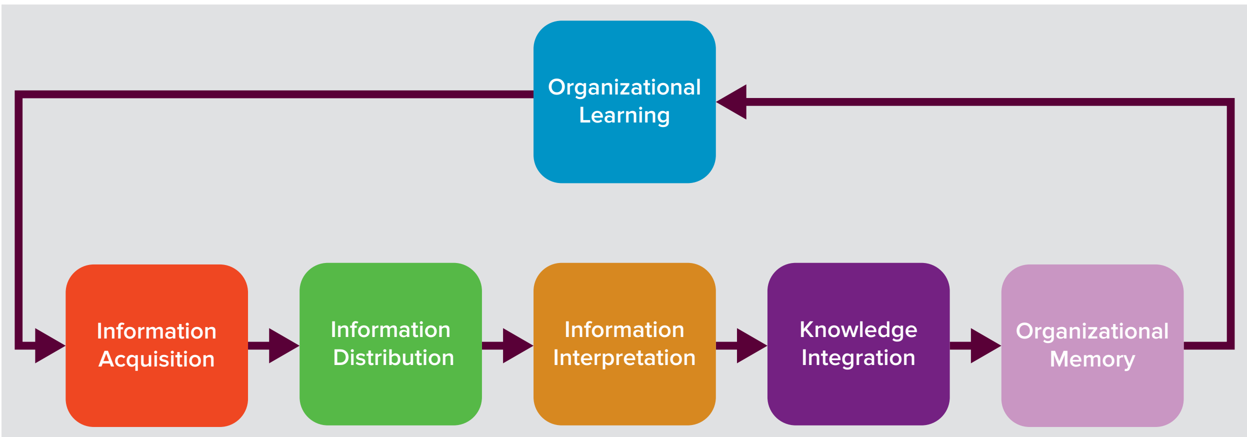


SOURCE: This model is synthesized from Figures 5-2 and 5-3 in F. E. Kast and J. E. Rosenzweig, *Organization and Management: A System and Contingency Approach,* 4th ed. (New York: McGraw-Hill, 1986), 112, 114.

and learn from experience. This realization has led to a stream of research that examines the process by which organizations learn. Peter Senge, a professor at the Massachusetts Institute of Technology, popularized the term *learning organization* in his best-selling book *The Fifth Discipline.* He described a learning organization as "a group of people working together to collectively enhance their capacities to create results that they truly care about."[13] A practical interpretation of these ideas results in the following definition. **A *learning organization* proactively creates, acquires, and transfers knowledge and changes its behavior on the basis of new knowledge and insights.**[14]

We want to understand how organizations learn because organizational learning is positively associated with organizational performance and innovation, a topic we discuss later in this chapter.[15] Researchers have shown that organizations learn by using five independent subprocesses (see Figure 15.4): information acquisition, information distribution, information interpretation, knowledge integration, and organizational memory.[16] Let us consider how these processes work.

FIGURE 15.4 THE PROCESS OF ORGANIZATIONAL LEARNING



Step 1: Information Acquisition

Information acquisition, also known as *scanning,* is "the process through which an organization obtains information from internal and external sources."[17] Because this is the first step of learning, organizations should cast a wide net in their acquisition of information. For example, discussions about past success and failure, called postmortems, are critical sources of information.

This unit of firefighters has to rely on organizational learning to effectively fight fires. It has to work as a team while adjusting to factors such as weather, temperature, and breadth of the fire. Fire units also are known for having postmortems after a fire to discuss the lessons learned. © Eric Schultz/The Huntsville Times/AP Photo

Step 2: Information Distribution

Information distribution consists of the processes or systems that people, groups, or organizational units use to share information among themselves. For example, Jill Nelson, the founder of Ruby Receptionists, a virtual reception service in Oregon, asks employees to discuss their mistakes at weekly staff meetings. Nelson commented, "We discuss the mistakes and what the employees learned from them. The sharing of this information sends the message that it's OK to make a low-stakes mistake—as long as you learn from it and share your lesson with others."[18]

Step 3: Information Interpretation This step is all about making sense of the information organizations have acquired and distributed. In this process people are affected by the perceptual biases discussed in Chapter 4 and the decision-making biases reviewed in Chapter 11.

Step 4: Knowledge Integration *Knowledge integration* occurs when information is shared and accumulated across different parts of an organization. This provides more and better information for making decisions. This step can be accomplished by having postmortems in which different people or groups present their ideas about an opportunity or problem. The point is to seek consensus about what the learned information means.

Step 5: Organizational Memory Learning will not last unless the organization finds a method to save it. Knowledge needs to be put into some type of repository or organizational memory if it is to be used in the future. Organizational memory is not an object. According to a team of OB experts, it is the combined processes of "encoding, storing, and retrieving the lessons learned from an organization's history, despite the turnover of personnel."[19]

What Can Be Done to Improve Organizational Learning? We have three recommendations for improving organizational learning.

1. Improve on the five steps just discussed. You might begin by using a survey to assess the extent to which your organization is already following these steps. Self-Assessment 15.1 was created so that you could make this assessment on a current or former employer. You can use the results to target organizational changes aimed at improving learning.
2. Realize that leader behavior, organizational climate, and organizational culture drive organizational learning.[20] If leaders do not support a vision and culture that promote the value of learning, it won't happen.

EXAMPLE Michael Molinaro, vice president of talent management at New York Life Insurance, understands this conclusion. He notes that the company fosters a learning climate and culture by "trying to make each moment about learning, about establishing the intention to learn in every interaction, every relationship and every chance to lead." The company uses a biannual employee survey to assess its success at creating a learning-oriented climate and culture.[21]

3. We can all be role models of learning from failure. ***Failure* occurs when an activity fails to deliver its expected results or outcomes.** Unfortunately, failure or mistakes are generally feared and penalized, which creates an environment of risk aversion. Bill Gates, founder and former CEO at Microsoft, concludes, "It's fine to celebrate success, but it's more important to heed the lessons of failure. How a company deals with mistakes suggests how well it will bring out the best ideas and talents of its people, and how effectively it will respond to change."[22]

connect SELF-ASSESSMENT 15.1

Are You Working for a Learning Organization?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 15.1 in Connect.

1. To what extent is the company a learning organization? Are you surprised by the results?
2. Identify the three items receiving the lowest ratings. Propose solutions for improving on these three areas.

Suggestions in the Applying OB box guide the way to learning from failure.

Applying OB

Learning from Failure

1. **Conduct postmortems.** Take the time to reflect on why a project failed or a goal was not met. Start from the beginning and consider everything that occurred during the course of working on the project. You can use the Organizing Framework to brainstorm the potential causes of the failure. You may need to collect data during this process. Be sure to reflect on what you learned regarding each of these factors:
   a. Customers.
   b. The organization's vision, strategy, culture, climate, and internal processes.
   c. Yourself and those who worked on the project.
   d. Group dynamics.
   e. Organizational leadership and politics.[23]
2. **Share the learning with others.** The real value of failure comes from sharing our experiences with others.[24] This is a form of "sharing best practices" in which knowledge about what led to failure identifies the best practice. Following this suggestion also destigmatizes failure and can reduce our fear of it.[25] This lesson is valuable because self-preservation and fear of failure are big obstacles to innovation.[26]
3. **Consider your goal orientation.** In Chapter 6 we defined two goal orientations that influence the way we work and our willingness to learn from failure. A *performance goal orientation* is aimed at demonstrating competence or avoiding perceptions of incompetence. People with this orientation are less likely to take the risks needed for innovation. In contrast, a *learning or mastery orientation* focuses on learning and growing. For those with this orientation, failure is just another way to learn and develop. Employees should adopt more of a learning goal orientation if they want to increase their learning from failure.[27]

15.2 ORGANIZATIONAL DESIGN

MAJOR QUESTION

What are the seven basic ways in which organizations are structured, and how do these structures relate to the organization's purpose?

THE BIGGER PICTURE

An organization's design or structure is like a fingerprint. It uniquely identifies an organization and provides information about how things get done. You will learn about seven fundamental types of organizational structures, and the implications for you at any level of the organization.

Organizational design **sets "the structures of accountability and responsibility used to develop and implement strategies, and the human resource practices and information and business processes that activate those structures."**[28] The general idea behind the study of organizational design is that organizations are more effective or successful when their structure supports the execution of corporate strategies. Keep in mind that there is no one best structure for a company. Companies tend to change structure in response to changes in the marketplace or in their strategic goals. Consider the case of DuPont and Dow Chemical.

EXAMPLE DuPont Co. and Dow Chemical Co. decided to merge into a new company—DowDuPont. The merged company will be restructured around three different businesses. DowDuPont expects to reduce costs by $3 billion each year by using the following three-part structure:[29]

- A global agriculture company, with combined revenue of $19 billion.
- A global material science company, with combined revenue of $51 billion.
- A technology- and innovation-driven company focused on specialty products, with combined revenue of $13 billion.[30]

Our consulting experience tells us that too many companies attempt structural changes to solve performance problems. For example, Sony restructured nine times between 1994 and 2009.[31] A McKinsey & Co. survey of 1,890 executives supports a similar conclusion; only 8 percent experienced positive results after making structural changes. This finding is also consistent with a study of 57 reorganizations by consulting firm Bain & Co., which demonstrated that most reorgs had no effect, and some led to *lower* organizational performance.[32]

This section and the next provide information about how managers can increase their chances of choosing an effective organizational design. The same information will allow you to better understand which structure your employer adopts—and how you can better function and perform within that structure.

We begin by reviewing three broad categories of organizational structure and then turn to the seven fundamental types of designs found in the workplace today. The following section then identifies when these structures may be most effective.[33]

TABLE 15.1 CATEGORIES AND ERAS OF ORGANIZATIONAL DESIGN

Category	ERA	Focus	Type
1. Traditional	Mid-1800s through 1970s	Self-contained within organization's boundaries	• Functional • Divisional • Matrix
2. Horizontal	1980s	Team- and process-oriented	• Horizontal
3. Open	Since mid-1990s	Opened beyond organization's boundaries	• Hollow • Modular • Virtual

SOURCE: N. Anand and R. L. Daft, "What Is the Right Organizational Design?" *Organizational Dynamics,* June 2007, 329–344.

Three Categories

Our changing world means businesses develop new forms of organization to respond to emerging business opportunities. Management professor Richard L. Daft defined three eras that each contributed its own broad category of organization and focus (see Table 15.1).

Traditional Design Organizations defined by a traditional approach tend to have functional, divisional, and/or matrix structures. Each of these structures relies on a vertical hierarchy and attempts to define clear departmental boundaries and reporting relationships.

Historical Forces: Industrialization, mass production, and related capitalization. Mid-1800s through 1970s.

Rationale: With industrialization and mass production, organizations were able to achieve great economies of scale by specializing the application of labor to specific and standardized functions.

Horizontal Design Organizations defined by a horizontal approach work hard to flatten hierarchy and organize people around specific segments of the work flow. A horizontal structure, sometimes called a team or process structure, relies on a horizontal work flow and attempts to dissolve departmental boundaries and reporting relationships as much as possible.

Historical Forces: Increased complexity and increasingly rapid development cycles for new products. 1980s.

Rationale: The traditional approach of dividing up work according to functions, products, and customers frustrates managers who want to focus on bringing people together, without internal boundaries keeping them apart. If you want people to share knowledge, collaborate, and continually improve the way things are done, a horizontal design is a good option.

Open Design Organizations defined by an open approach tend to have hollow, modular, or virtual structures. Each of these structures relies on leveraging technology and structural flexibility to maximize potential value through outsourcing and external collaboration.

Historical Forces: Rapid technological improvements (including the Internet and mobile phones) and the rise of emerging economies (China and India) with pools of skilled workers willing to work for less than those in developed economies. Since mid-1990s.

Rationale: Open designs help organizations respond more rapidly to customer and market changes. They also potentially reduce costs and increase innovation.

The rationale of open systems led Jack Welch, former CEO of GE, to coin the term *boundaryless organization.* **A *boundaryless organization* is one in which "management has largely succeeded in breaking down barriers between internal levels, job functions, and departments, as well as reducing external barriers between the association [organization] and those with whom it does business."**[34] This type of structure is fluid and flexible and relies on telecommuting between geographically dispersed people.[35] It is most appropriate for businesses in fast-changing industries or environments.

All the structural forms outlined in Table 15.1 are in use today. Let's consider each design and an illustrative example.

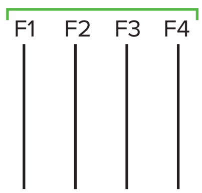
Seven Types of Organizational Structures

The following seven types of organizational structure cover almost all organizations. We provide historical background, with examples and schematic diagrams for each.

Functional Structure

A *functional structure* groups people according to the business functions they perform, for example, manufacturing, marketing, and finance. A manager is responsible for the performance of each of these functions, and employees tend to identify strongly with their particular function, such as sales or engineering.

FUNCTIONAL STRUCTURE
Work is organized into separate vertical functions, such as finance, sales, production, and human resources.



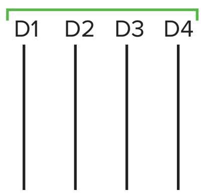
EXAMPLE The organization chart previously shown in Figure 15.2 illustrates a functional structure. Responsibility at this hospital is first divided into administrative and medical functions, and within each category, directors are responsible for each of the functions. This arrangement puts together people who are experts in the same or similar activities. As a small company grows and hires more production workers, salespeople, and accounting staff, it typically groups them with a supervisor who understands their function.

Some organizations have concluded that using a functional structure divides people too much, ultimately creating silos within the organization. This detracts from the extent to which employees collaborate and share best practices across functions.

Divisional Structure

In a ***divisional structure,*** **employees are segregated into organization groups based on industries, products or services, customers or clients, or geographic regions.** The divisional structure is sometimes called a product structure or profit center approach.

DIVISIONAL STRUCTURE
Work is organized into separate vertical divisions, which may focus on products or services, customers or clients, or even geography.



EXAMPLE General Electric is structured around nine primary business divisions: GE Power, GE Oil & Gas, GE Renewable Energy, GE Energy Connections, GE Aviation, GE Healthcare, GE Transportation, GE Capital, and GE Digital. These major business areas are subdivided further into either product or geographic divisions.[36] Typically, within each division it maintains its own internal functional structure.

As with functional structures, some organizations have concluded that using a divisional structure can also create silos within the organization.

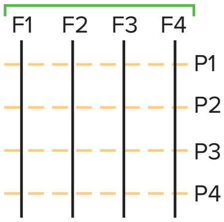
Matrix Structure

Organizations use matrix structures when they need stronger horizontal alignment or cooperation in order to meet their goals. A ***matrix structure*** **combines a vertical structure with an equally strong horizontal overlay.** Functional and divisional chains of command form a grid with two command structures, one shown vertically by function and the other shown horizontally by product line, brand, customer group, or geographic region.

EXAMPLE Pharmaceutical maker Bristol-Myers Squibb is highly committed to this structure. Jane Luciano, vice president of global learning and organization development, said, "We have the matrix every way it can be organized, including geographically, functionally, and on a product basis." The company is very pleased with its matrix structure. Luciano noted, "The matrix has enabled us to upgrade and promote excellence around core capabilities, so we can be very purposeful in developing functional expertise in specific disciplines, such as marketing, medical, HR, or finance excellence."[37]

A matrix structure can also provide a reasonable counterbalance among important stakeholders, but applying it to an organization is not easy. Matrix organizations can be complex and confusing without an extra layer of collaboration and integration to effectively implement the structure. Jay Galbraith, an expert on the subject, noted that matrix structures frequently fail because management fails to create complementary and reinforcing changes to the organization's IT systems, human resource procedures (performance appraisals, rewards, selection criteria), planning and budgeting processes, organizational culture, internal processes, and so on. He concluded, "Organization structures do not fail; managements fail at implementation."[38] This type of structure is increasingly being used by companies expanding into international markets.

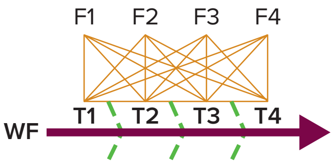
MATRIX STRUCTURE
The matrix can be used with a variety of vertical and horizontal elements. Shown here are four different functions (F1, F2, and so on) interlinked to four product lines (P1, P2).



Horizontal Structure In a ***horizontal structure,*** **teams or work groups, either temporary or permanent, are created to improve collaboration and work on common projects.**

The horizontal approach to organizational design tends to focus on work processes. A process consists of every task and responsibility needed to meet a customer need, such as developing a new product or filling a customer order. Completing a process requires input from people in different functions, typically organized into a cross-functional team (described in Chapter 8). W.L. Gore & Associates is a good example of a company that has successfully implemented this structure (see the OB in Action box).

HORIZONTAL STRUCTURE
Several flexible teams—T1–T4—organize around the horizontal work flow or processes. Some vertical functions remain, but they are minimized.



OB in Action

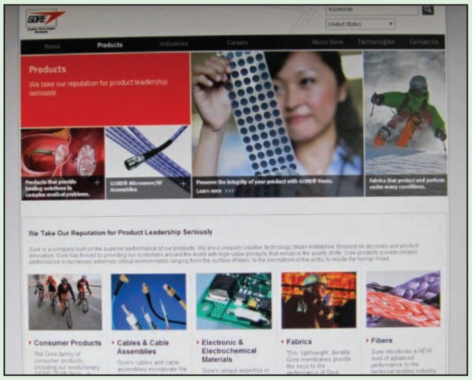
W.L. Gore & Associates Operates with a Horizontal Design

W.L. Gore is a technologically driven company that focuses on product innovation. It develops and manufactures products that provide highly reliable performance in varied environments ranging from the surface of Mars to the inside of the human heart. Today, Gore has more than $3 billion in revenue and 10,000 employees working in offices in 25 countries.[39]

The company has been profitable every year since its founding in 1958, and it has been ranked among *Fortune's* 100 Best Places to Work every year since 1998. It was No. 12 in 2016.

Culture and Values Founder Bill Gore wanted a company free of bureaucracy and a command and control style of leadership. To support this culture, the company promotes the following values:[40]

- **Belief in the individual**—employees are encouraged to trust and believe in each other.
- **Power of small teams**—a team-based structure with minimum hierarchy is used.
- **All in the same boat**—employees are part owners through a stock plan.
- **Long-term view**—investments are based on long-term payoffs.



W.L. Gore links strategy, culture, and structure.

Organizational Structure Gore's structure is consistent with its strategy and culture. It has a team-based "lattice" organization. The company website describes the structure as one with "no traditional organizational charts, no chains of command, nor predetermined channels of communication." Employees, who are called associates, are accountable to the members of their multidisciplined teams. "Teams organize around opportunities and leaders emerge," according to the corporate website.[41]

Associates are not hired for specific jobs. The corporate website indicates employees are "hired for general work areas. With the guidance of their sponsors (not bosses) and a growing understanding of opportunities and team objectives, associates commit to projects that match their skills. All of this takes place in an environment that combines freedom with cooperation and autonomy with synergy."[42]

Sponsors help associates adjust to this flexible work environment by providing feedback on performance and by assisting in internal networking.

YOUR THOUGHTS?

1. What type of people would like to work at Gore given its structure and culture?
2. Would this type of structure enhance or reduce organizational learning? Discuss your rationale.
3. Do you think this type of structure would work in most organizations? Explain.

The final three types of structures are all examples of open organizations. Before learning about them in more detail, find out how well suited you are for telecommuting by completing Self-Assessment 15.2. Telecommuting is a common practice in companies that use open designs.

connect SELF-ASSESSMENT 15.2

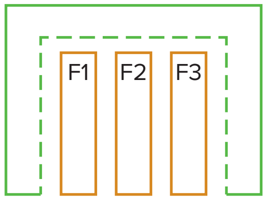
What Is Your Preference for Telecommuting?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 15.2 in Connect.

1. Do you prefer telecommuting or a traditional work environment?
2. What bothers you most about telecommuting?
3. How might managers assess an employee's preference for telecommuting during a job interview?

Hollow Structure **A *hollow structure,* also known as a *network structure,* is designed around a central core of key functions and outsources other functions to outside companies or individuals who can do them cheaper or faster.** An athletic shoe company, for example, might decide it can excel at developing new designs, owing to its design talent and knowledge of the market. Then it might find outsourcing partners to handle other activities such as manufacturing, order taking, shipping, and managing employee benefits. The more processes that are outsourced, the more the resulting organization is "hollow"—and focused on what it does best.

HOLLOW STRUCTURE
Within the organization, a number of functions are outsourced.



EXAMPLE Herman Miller, the furniture company, goes outside the organization for design expertise. CEO Brian Walker explained the advantages: "This external network ensures that we are always taking a fresh look at problems faced by our customers without subjecting [them] to our own filters. If you have only an internal design staff, even an enormously talented one, you are inherently limited by their existing world view and experiences. Our ability to tap into a broader outside network lets us . . . get a fresh perspective on existing or emerging problems." The company also uses other organizations for manufacturing; Walker says the company is "more . . . an integrator than a manufacturer," which makes it less resistant to new product ideas because it doesn't have to change manufacturing processes itself.[43]

A hollow structure is useful when an organization is faced with strong price competition and there are enough companies to perform the required outsourced processes.

The growing number of hollow structures has increased demand for freelance workers. This has created an online industry that helps companies hire people for micro-tasks or short-term assignments (see the Problem-Solving Application).

Problem-Solving Application

Freelancers Use the Internet to Obtain Work

TaskRabbit, located in San Francisco, operates like an eBay for odd jobs. The online service helps link people looking for short-term work with organizations or people in need of someone to complete specific tasks.

How Does It Work? Assume an individual has an errand he or she wants done but doesn't have time to do, or a company wants a unique task completed and doesn't have a skilled person to do it. The person or organization looking for help goes to TaskRabbit.com and posts the task and the amount to be paid for the work. Members of TaskRabbit, called TaskRabbits, then place bids to get the work. "Generally, the lowest bidder wins. TaskRabbit gets a cut of the transaction."

The website "makes people undergo a rigorous process to become a TaskRabbit, including a video interview, federal background check, Social Security number trace, and, lastly, a test to see if applicants have what it takes."[44]

Is the Concept Spreading? Yes, according to a study commissioned by Freelancers Union and Upwork. The findings revealed that about 54 million people, almost 34 percent of the US workforce, did freelance work in 2015. The majority are freelancers by choice because they prefer the freedom, autonomy, and increased flexibility associated with this work role. Freelancers also report earning more income now than in the past, and the majority are optimistic about future job prospects.[45]

Is There a Downside? Sara Horowitz, founder and executive director of the Freelancers Union, thinks a possible downside of freelancing is that sites like TaskRabbit will lead people to accept jobs with no benefits and poor work conditions.[46]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem that led to the creation of companies such as TaskRabbit.

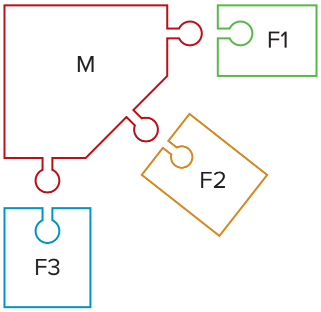
Step 2: Identify the causes of the problem. What OB theories or concepts explain why people would want to work as freelancers?

Step 3: Recommend what organizations can do to effectively motivate and monitor the work of freelancers.

Modular Structure A modular organization, like a hollow organization, uses outsourcing. But instead of outsourcing processes, it outsources production of parts of a product, such as components of a jet or subroutines of a software program. **In a *modular structure,* the company assembles product parts, components, or modules provided by external contractors.** The modular organization also is responsible for ensuring that the parts meet quality requirements, that they arrive in a timely fashion, and that the organization is capable of efficiently combining the parts into the final whole. This design is useful when a company can identify product modules and create design interfaces that allow it to assemble parts into a working order.

EXAMPLE A good example is Boeing, in its production of the 787 Dreamliner. Boeing's Wikipedia pages describes the production process as one where "instead of building the complete aircraft from the ground up in the traditional manner, final assembly would employ 800 to 1,200 people to join completed subassemblies and to integrate systems. Boeing assigned its global subcontractors to do more assembly themselves and deliver completed subassemblies to Boeing for final assembly. This approach was intended to result in a leaner and simpler assembly line and lower inventory."[47]

MODULAR STRUCTURE
The main part of the organization (M) is structured and managed to make it easy to plug in vendors for well-defined functions (F1 through F3) as parts of the business process.

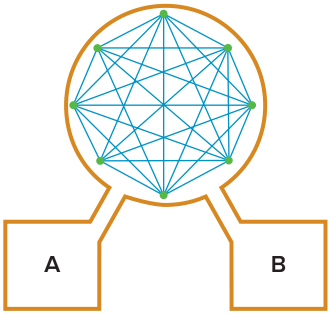


Virtual Structure The concept of virtual organizations originated in the 1990s as an outgrowth of the benefits of information technology. A ***virtual structure*** **is one whose members are geographically apart, usually working with e-mail and other forms of information technology, but that generally appears to customers as a single, unified organization with a real physical location.**

EXAMPLE Automattic Inc., a web designer, has 458 employees working in 45 countries. The company, which hosts servers for the blogging platform WordPress.com, allows workers to work from anywhere. Executives bring all the employees together once a year for a seven-day conference. Project teams also meet five to seven days a year to plan strategy and to bond.[48] Otherwise, virtual meetings are commonplace. "The

These employees are conducting final assembly of a Boeing 777 airplane in the Everett, Washington, plant. Final assembly can involve between 800 and 1,200 people working to complete subassemblies and to integrate systems. This is a classic example of a modular structure. © Patrick T. Fallon/Bloomberg/Getty Images company has a San Francisco office for occasional use, but project management, brainstorming and water-cooler chatter take place on internal blogs. If necessary, team members fly around the world to meet each other face-to-face. And if people have sensitive questions, they pick up the phone."[49]

VIRTUAL STRUCTURE
One or more companies (here we show companies A and B) create or manage a wide network of virtually connected employees, represented by the dots, for a specific business process that otherwise appears as a traditional company.



The primary benefits of virtual structures such as Automattic has are the ability to tap into a wider talent pool, to get things done more quickly, and to reduce costs because there is less need for physical facilities and travel budgets.

Today, virtual structures are classified into two types: internal and networked.[50]

1. **Internal virtual structures.** Internal virtual structures coordinate the work of geographically dispersed employees working for one organization, such as those at Automattic Inc. This structure primarily relies on the use of information technology, but it also requires managers to consider three key issues:
   - **Do I have the right people?** Not everyone is suited to work virtually, as you may have learned from taking Self-Assessment 15.2. Managers must consider the personal characteristics, needs, and values of their people who might work virtually. For example, a study of upper-division business students revealed that the Big Five personality trait of agreeableness was positively associated with attitudes toward telecommuting.[51]
   - **How often should people get together?** There is no clear answer to this question. Our recommendation is to use a contingency approach. More frequent contact is needed at the start of a project, and we suggest holding regular milestone meetings online.
   - **What type of technology should be used to coordinate activities?** Remote workers can stay connected with a host of technologies. The choice depends on their skills and the resources at hand.
2. **Networked virtual structures.** Networked virtual structures establish a collaborative network of independent firms or individuals to create a virtual entity. The networked individuals or companies join forces because each possesses core competencies needed for a project or product. This structure is used in the movie/entertainment industry. For example, writers, producers, actors, and studios join forces to make a movie, not as one legal entity, but rather as a collaborative network. Once again, a variety of information technologies coordinates the efforts of different members within the network.

   Now that we have reviewed all seven designs, consider Table 15.2. It lists the pros and cons for each design and suggests situations when each may be most effective.

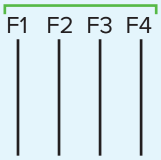
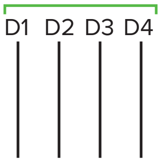
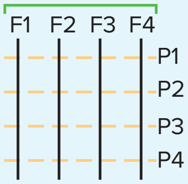
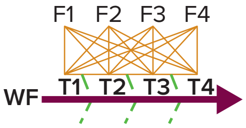
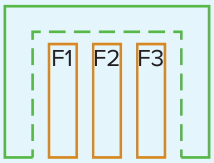
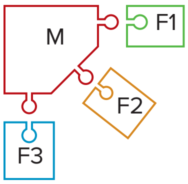
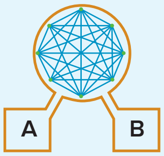
TAKE-AWAY APPLICATION

What Is My Preferred Type of Organizational Structure?

Use the seven fundamental types of organizational structure to answer these questions:

1. Which of the seven types is most consistent with the way you like to work and your preferred working environment? Explain.
2. Have you ever worked in a company whose structure did not fit your needs and style? How did you feel about working there?
3. How would you assess whether a future employer had your preferred organizational structure?

TABLE 15.2 SEVEN STRUCTURES OF ORGANIZATIONAL DESIGN

Structure	Best For	Pros	Cons
Functional 	Small companies, some large government organizations and divisions of large companies.	Clear roles and responsibilities.	Coordination and communication lapses across functional silos; most companies use dotted line or other informal means to combat this potential limitation.
Divisional 	Large companies with separate divisions built on different technologies, geographies, or different bases of customers.	Clear roles and responsibilities. Greater product focus, accountability, and flexibility for workers in each division than in a functional structure.	Coordination and communication lapses across divisional silos; most companies use dotted line or other informal means to combat this potential limitation.
Matrix 	Organizations, increasingly including international ones, looking to avoid problems associated with silos by using a formal level of horizontal integration.	Lines of formal authority along two dimensions, such as functional/product or product/region, that allow organizations to work more cohesively.	Inadequate processes to ensure success. Potential for conflict when employees report to two bosses if those managers fail to coordinate.
Horizontal 	Companies needing greater efficiency or flexibility to rapidly respond to customer needs.	Rapid communication and reduction in cycle time for work done; greater flexibility; faster organizational learning; improved responsiveness to customers.	Potential conflicts between processes and nonprocess functions; neglect of nonprocess parts of the organization; reduced opportunities for functional specialization.
Hollow 	Companies facing heavy price competition with pressure to cut costs; companies with options outside the organization that can perform required processes.	Lower cost of entry and overhead; access to best sources of specialization and technology; market discipline that leads to supplier competition and innovation; potential for further cost reduction and quality improvement.	Loss or decrease of in-house skills, of internal capacity to innovate, and of control over supply; costs of transitioning to hollow state; need for higher monitoring to align incentives; danger of being supplanted by suppliers.
Modular 	Organizations that can specify the nature of product modules and design interfaces to multiple vendors and join them.	Potential for cost savings, greater responsiveness, and competence beyond the organization's boundaries; ability to switch vendors for best fit and product improvement.	A high proportion of products unsuitable to chunking into modules; poorly specified interfaces; slow or poor-quality collaborators.
Virtual 	Companies that need to explore a new market opportunity by partnering with other organizations or rapidly deploy a new potential business model.	Ability to respond nimbly to market opportunity; ability to provide product extension or one-stop-shop service; low exit costs if initial opportunity vanishes.	High level of communication necessary to avoid redundancy; low trust and coordination among widely distributed employees; failure to promote strong employee loyalty or organizational identification.

SOURCE: Adapted from N. Anand and R. L. Daft, "What Is the Right Organizational Design?" *Organizational Dynamics,* June 2007, 329–344.

15.3 CONTINGENCY DESIGN AND INTERNAL ALIGNMENT

MAJOR QUESTION

How can I use knowledge about contingent organization design and internal alignment to improve my satisfaction and performance?

THE BIGGER PICTURE

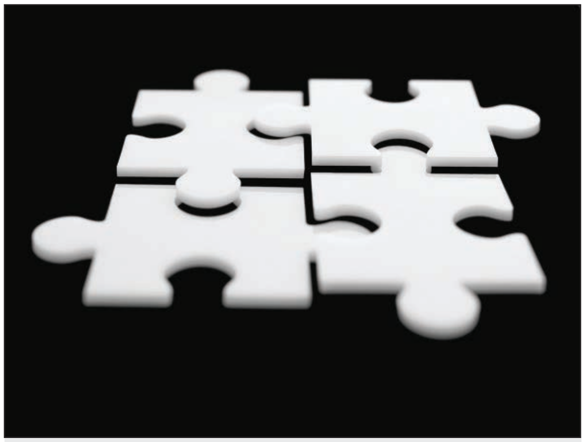
The previous section showed that no one structure is appropriate for all organizations. This section reviews five contingency factors to consider when choosing an organizational design. We also discuss the need to align several organizational characteristics in this process and show how you can use this knowledge to enhance your personal and career outcomes.

There is no one best form of structure for an organization. The choice of structure is instead based on considering a host of contingency factors and internal organizational characteristics. This section helps show how this is done by discussing the concept of contingency organization design. According to the ***contingency approach to organization design,*** **organizations tend to be more effective when they are structured to fit the demands of the situation, and when the structure is aligned with internal activities and actions of the organization.**[52] The demands of the situation consist of five contingency factors.

Contingency Factors

Experts suggest that managers should consider five key contingency factors when making decisions about organization design: strategy and goals, market uncertainty, decision-making processes, technology, and size.[53]

Strategy and Goals An organization's strategy is the cornerstone of its decision about the most appropriate design. Because setting a corporate strategy requires an organization to decide how it will compete given both internal and external considerations, organizational design must be developed in tandem with establishing strategy. For example, if a company has a strategy to grow by developing and selling new products or services, a flatter or more horizontal structure may be more effective. In general, more complex organizational designs are needed as companies pursue strategies to add products, services, markets, or geographic expansion.



Selecting the best organizational design is akin to putting together a puzzle. The organization's strategy, market uncertainty, decision-making processes, technology, and size must fit together like this puzzle.
© Adam Gault/agefotostock RF

Market Uncertainty The level of market uncertainty the organization faces helps determine the level of formalization it needs.

Organizations such as Intel and Facebook that operate in dynamic markets need less formalized structures. Horizontal or open structures are more appropriate in this case because they allow quicker responses to marketplace threats and opportunities. Organizations may need to change their structure due to marketplace changes such as new competitors, alternate products, or customer preferences.

Decision-Making Processes Decision-making processes span a continuum from centralized to decentralized. ***Centralized decision making*** **occurs when key decisions are made by top management.** ***Decentralized decision making*** **occurs when important decisions are made by middle- and lower-level managers.** A landmark study by a pair of British behavioral scientists, Tom Burns and G. M. Stalker, found a relationship between decision-making processes and organizational structure. In the course of their research, Burns and Stalker drew a very instructive distinction between what they called *mechanistic* and *organic* organizations.

Mechanistic organizations **are rigid bureaucracies with strict rules, narrowly defined tasks, top-down communication, and centralized decision making.** A mechanistic organization generally would have one of the traditional organizational designs described in the preceding section and a hierarchical culture. The "orderliness" of this structure is expected to produce reliability and consistency in internal processes, resulting in higher efficiency, quality, and timeliness.

Organic organizations **are flexible networks of multitalented individuals who perform a variety of tasks.** Organic organizations are more likely to use decentralized decision making and horizontal or open designs.

Burns and Stalker discovered that one type was not superior to the other. Each type had its appropriate place, depending on the environment. When the environment was relatively stable and certain, the successful organizations tended to be *mechanistic*. When the environment was unstable and uncertain, the successful ones tended to be *organic*.[54]

Whole Foods Market, which traditionally had an organic structure, is currently changing its structure due to high market uncertainty. Do you think it will work? See the Problem Solving Application box.

Problem-Solving Application

Whole Foods Is Moving from an Organic to a Mechanistic Structure

Whole Foods Market has grown by merger, acquisition, and expansion to more than 435 stores, 85,000 employees, and revenue of $15.4 billion in 2015. It operates in the United Kingdom, Canada, and 42 states in the United States. The company has been rated by *Fortune* as one of the best places to work for 18 consecutive years.[55]

Historically, the company was more organic and relied on decentralized decision making. Cofounder and co-CEO John Mackey stated, "Whole Foods is a social system. . . . It's not a hierarchy."[56] The company did not pass down lots of rules from corporate headquarters in Austin, Texas. Rather, it allowed the stores to make local decisions such as about purchasing their own staples. It also relied on a clannish culture that promoted commitment to productivity, innovation, and customer service.

Competition Creates the Need to Change the Structure Kroger Co. and Costco Wholesale Corp. are going after the market for natural and organic products. They also have offered lower prices in many cases. To combat this competition, Whole Foods is trying to offer more competitive pricing while increasing efficiency. Doing this requires the company to cut costs.

Whole Foods is moving toward more centralized decision making and streamlining some functions in order to cut costs and improve its negotiating power with suppliers. These changes force the company to manage the delicate balance of "wringing more efficiency out of its stores without sacrificing the local flavor and specialty offerings that have helped fuel the chain's success," according to *The Wall Street Journal*.[57]

What Are the Structural Changes? The company is moving to corporate headquarters more of the responsibility for buying various products such as meat, produce, and some nonperishable items. It also is "deploying software to simplify labor-intensive tasks like scheduling store workers and replenishing shelves." Another cost-saving and customer-focused initiative is "replacing four separate checkout systems . . . with a single system that will enable Whole Foods to offer more discounts more quickly to shoppers based on their personal preferences." The company estimates that these actions will save almost $300 million a year by 2017.[58]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem facing Whole Foods.

Step 2: Identify the causes of this problem.

Step 3: Make your recommendations. Do you think the company's decision to change its structure is the best solution? Explain your rationale.

Technology Technology consists of the information technology, equipment, tools, and processes needed to transform inputs to outputs. It allows products and services to be created and distributed and lets companies use big data in making decisions. Experts suggest that the use of big data "will change organizational structures as organizations pursue the opportunities presented."[59] This implies that the technology a company uses is a key consideration in deciding the best way to organize in pursuit of strategic goals.

Size Size is measured by the number of employees, volume of sales, amount of assets, and geographical locations. Larger size generally requires more complex organizational designs.

Internal Alignment

The choice of best organizational form requires more than just considering the five contingency factors. Organizations perform more effectively when various internal organizational-level characteristics are aligned and mutually reinforcing. For example, if a company wants to grow through innovative product offerings (strategy), then it probably needs a less hierarchical structure coupled with an adhocracy and market culture. It also would help to have rewards tied to innovation and to employ people with high amounts of human and social capital. Can you see the alignment that exists among strategy, culture, structure, human resources practices, and employees' capabilities?

In contrast, if a company wants to reduce costs by improving internal processes (strategy), it would benefit from a more horizontal structure coupled with a hierarchical and clan culture. This combination would be enhanced if rewards were linked to cost reduction or efficiency, and if employees were knowledgeable about internal process control. Again, you can see that alignment is needed across internal characteristics for organizations to achieve higher performance. Although academics and consultants don't completely agree on the list of internal characteristics that need to be aligned, it is safe to recommend the following for inclusion:[60]

1. Strategy.
2. Structure.
3. Organizational culture.
4. Internal processes.
5. Human resource practices, policies, and procedures.
6. Employees' human and social capital.

What Does This Mean to Me?

There are both short and long-term implications to consider.

Short-Term Implications

- **Structure affects your behavior and performance.** Imagine taking a class in which the seats are arranged in a stair-step, theater-style set of rows in which chairs are bolted to the ground. You can swivel in your chair, but your position is set. Now consider how this structure affects your interactions with other students. You will tend to speak with others on either side and will struggle to do group work with four to five people. It's inconvenient to turn and observe someone speaking from the back of the room. This structure also stops instructors from walking into the audience and interacting with students as in a talk show. Contrast this with a classroom with a flat floor and round tables with five or six students at each. Interactions and group work are both easier and more efficient. You can move to another table if you want. The instructor can easily walk around and interact with everyone. The point is that structure affects behavior. The value of understanding the various types of organization design is that you can work around their strengths and limitations.

How many times have you sat in a lecture hall or classroom structured like the top photo? The experience is quite different from a small group meeting in which participants interact in a less formal fashion. Both contexts have their place, and our behavior is affected by the structure of a the learning environment. (Top): © Aaron Roeth Photography RF; (Bottom): © Hero Images/Getty Images RF

- **You may want to start your own company.** Yesterday, the owner of an appliance repair company came to the home of one of your authors to fix an ice maker and dishwasher. He has 15 employees. When asked how he structured his small company, he said everyone reports to him, but this structure is getting overwhelming and he needs someone to focus on getting new customers. He is the only person doing this, but he also has to do repairs on certain types of equipment like those in our home, leaving him less time to cultivate new business. We discussed how he might use a divisional structure based on having offices in cities within the Phoenix metropolitan area and creating incentives for those who bring in new customers. He was thankful for the free advice. You need to know about various organizational designs if you ever start your own company.
- **Person–organization (P-O) fit matters.** In Chapter 14 we defined P-O fit as the extent to which your personality and values match the climate and culture in an organization. You also learned that P-O fit is related to a host of important outcomes such as job satisfaction, engagement, commitment, performance, and turnover. You will be happier, healthier, and more productive when you fit.[61] For example, if you prefer autonomy, flexibility, and empowerment, then you probably won't fit into a company with a mechanistic structure. You would be much happier with an organic type of structure.[62] Knowledge about organization design can help you find a work environment that fits.

Long-Term Implications Decisions about organizational design generally are made by senior leaders and consultants in medium and large firms. We have participated in this process and it can get quite complicated. Assuming you want to move up the managerial hierarchy, the day will come when you have to provide input on organizational designs that can help your employer meets its strategic goals. Our discussion here will help.

15.4 ASSESSING ORGANIZATIONAL EFFECTIVENESS

MAJOR QUESTION

What does its choice of ways to measure its effectiveness tell me about an organization?

THE BIGGER PICTURE

Organizations that measure and monitor their progress in achieving goals outperform those that do not. The type of goals companies seek to achieve essentially define their mission and vision. The purpose of this section is to discuss the effectiveness criteria organizations use.

Do you think top managers would like to have easy-to-read graphics that contain the latest information about sales, quality problems, employee turnover, and the like, aggregated from data pulled in real time from corporate software? The technology to track all these metrics exists and is called a *dashboard,* like the instrument panel in a car.

Bob Parsons, founder of GoDaddy, believed in dashboards. "Measure everything of significance. Anything that is measured and watched improves," he said.[63] Larry Bossidy, former CEO of both Honeywell International and AlliedSignal, similarly noted, "When I see companies that don't execute, the chances are that they don't measure, don't reward, and don't promote people who know how to get things done."[64]

In several chapters we emphasized the value of evidence-based management—the use of real-world data rather than assumptions or hunches in making managerial decisions. The dashboard is a tool that can help you manage this way. Two professors from Harvard, Robert Kaplan and David Norton, have applied the dashboard idea in their *balanced scorecard* and *strategy maps*. These tools help companies establish their strategies and goals and provide a vehicle for assessing organizational effectiveness. Hundreds of companies around the globe have used them.[65]

The Balanced Scorecard: A Dashboard-Based Approach to Measuring Organizational Effectiveness

Kaplan and Norton note, "The balanced scorecard (BSC) translates an organization's vision and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system." It "retains an emphasis on achieving financial objectives, but also includes the performance drivers of these financial objectives."[66] The BSC provides managers with a comprehensive view of the organization in terms of four perspectives: (1) financial, (2) customer, (3) internal business processes, and (4) learning and growth, which looks at employee welfare and development.

"Think of the balanced scorecard as the dials and indicators in an airplane cockpit," say Kaplan and Norton. For a pilot, "reliance on one instrument can be fatal. Similarly, the complexity of managing an organization today requires that managers be able to view performance in several areas simultaneously."[67]

These pilots monitor the dials and gauges in the cockpit to safely navigate a plane. A balanced scorecard is akin to the dials and gauges in a cockpit. They inform managers as to the status of achieving their goals. © Royalty-Free/Corbis

Four Perspectives Underlying the Balanced Scorecard The process of creating a balanced scorecard requires managers to establish goals and measures for all four perspectives. Let's look at each one.

1. **Financial Perspective: How Do We Look to Shareholders?** Corporate financial strategies and goals generally fall into two buckets: revenue growth and productivity growth. Revenue growth goals might focus on increasing revenue from both new and existing customers. Equipment manufacturer John Deere, for instance, is pursuing new revenue by developing software services that provide information and guidance to farmers in the field. It is doing this to offset a recent 5 percent decrease in revenue.[68] Productivity metrics such as revenue per employee or total output produced divided by number of employees are common organization-level goals. We can also measure productivity in terms of costs. For example, Bob Evans Farms, Inc., is closing 27 underperforming restaurants in an attempt to decrease costs and improve profitability.[69]
2. **Customer Perspective: How Do Customers See Us?** Many companies view customers as one of their most important constituents. The balanced scorecard translates this belief into measures such as market share, customer acquisition, customer retention, customer satisfaction/loyalty, product/service quality, response time—the time between order and delivery—and percentage of bids won. Part of Amazon's success, for example, is its response time and pricing. The general idea behind the customer perspective is that companies will acquire and retain more customers, thereby growing market share, when they provide high-quality products and services people want, and in a timely manner.[70]

   Management at the the Four Seasons resort chain places high emphasis on customer satisfaction and loyalty. To achieve the goal of providing the quietest rooms in the industry, a *Fortune* reporter noted the company built facilities such that "no plumbing touches concrete. To encourage personalized service [the CEO], gave everyone from parking attendants on up the authority to act instantly when a guest makes a request."[71]
3. **Internal Business Process Perspective: What Must We Excel At?** The internal business perspective focuses on "what the organization must excel at" to effectively meet its financial objectives and customers' expectations. A team of researchers has

identified four critical high-level internal processes that managers are encouraged to measure and manage:

- Innovation.
- Customer service and satisfaction.
- Operational excellence, which includes safety and quality.
- Good corporate citizenship.[72]

These processes influence productivity, efficiency, quality, safety, and a host of other internal metrics. Companies tend to adopt continuous improvement programs in pursuit of upgrades to their internal processes. Consider how Con-way Freight attempts to meet its goals for safety and quality.

EXAMPLE Con-way Freight dispatches over 9,600 trucks from 365 service centers on a daily basis. The company picks up deliveries, consolidates them, and then delivers them to customers. According to a writer for *HR Magazine,* 36 percent "are delivered the next day and another 43 percent within two days. . . . Drivers are held to high standards and charged with safely operating trucks that back into dozens of customers' docks. They are required to maintain excellent safety and security records in order to keep their commercial driver's licenses with hazardous materials and combination-vehicle endorsements." The company also uses more than 1,000 drivers as mentors and trainers of programs related to new technology rollouts and safety initiatives. The company also rewards safety by linking pay to safety measurements taken on a daily, weekly, and monthly basis.[73]

Cotopaxi, an outdoor apparel company, makes corporate citizenship its top criterion for evaluating organizational effectiveness. As part of its mission the company funds "sustainable poverty alleviation, moves people to do good, and inspires adventure through innovative outdoor products and experiences."[74] According to *Bloomberg*

Cotopaxi followed its focus on social issues by sending ambassador James Myron Roh (shown in foreground) to Kumari, a rural village in Nepal. The village had experienced an earthquake, and this computer lab was the only part left standing. The building is now a central meeting place for students. Roh was teaching the students about photography and storytelling. What is your thought about Cotopaxi giving 2 percent of its revenue to nonprofits focused on poverty alleviation around the world? © Chris Brinlee Jr./Cotopaxi

Businessweek, "Cotopaxi is one of about 1,700 businesses worldwide that have registered as a benefit corporation, or B Corp, a legal category for corporations that hew to the concept of a double bottom line, in which financial goals don't take precedence over social ones." The company gives 2 percent of its revenue to nonprofits focused on poverty alleviation around the world.[75]

4. **Learning and Growth Perspective: Can We Continue to and Create Value?** The learning and growth perspective focuses on providing employees with the capabilities, resources, and work environment they need to achieve customer, internal business processes, and financial goals. It's the foundation of all other goals in a scorecard. Typical metrics in this perspective are employee satisfaction/engagement, employee retention, employee productivity, training budget per employee, technology utilization, and organizational climate and culture. Many are tracked with employee surveys to gauge attitudes and opinions.

Based on theories and research discussed throughout this book, you might expect your job satisfaction, engagement, and performance to be higher if you work for a company that truly cares about the innovation and learning perspective. Are you curious about whether a current or former employer is committed to this perspective? You can find out by completing Self-Assessment 15.3.

connect SELF-ASSESSMENT 15.3

Assessing the Learning and Growth Perspective of the Balanced Scorecard

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 15.3 in Connect.

1. Where does the company stand in terms of commitment to innovation and learning? Are you surprised by the results?
2. Use the three highest and three lowest scores to identify the strengths and weaknesses of this company's commitment to innovation and learning.
3. Based on your answer to question 2, suggest three ways management can improve its commitment to innovation and learning.

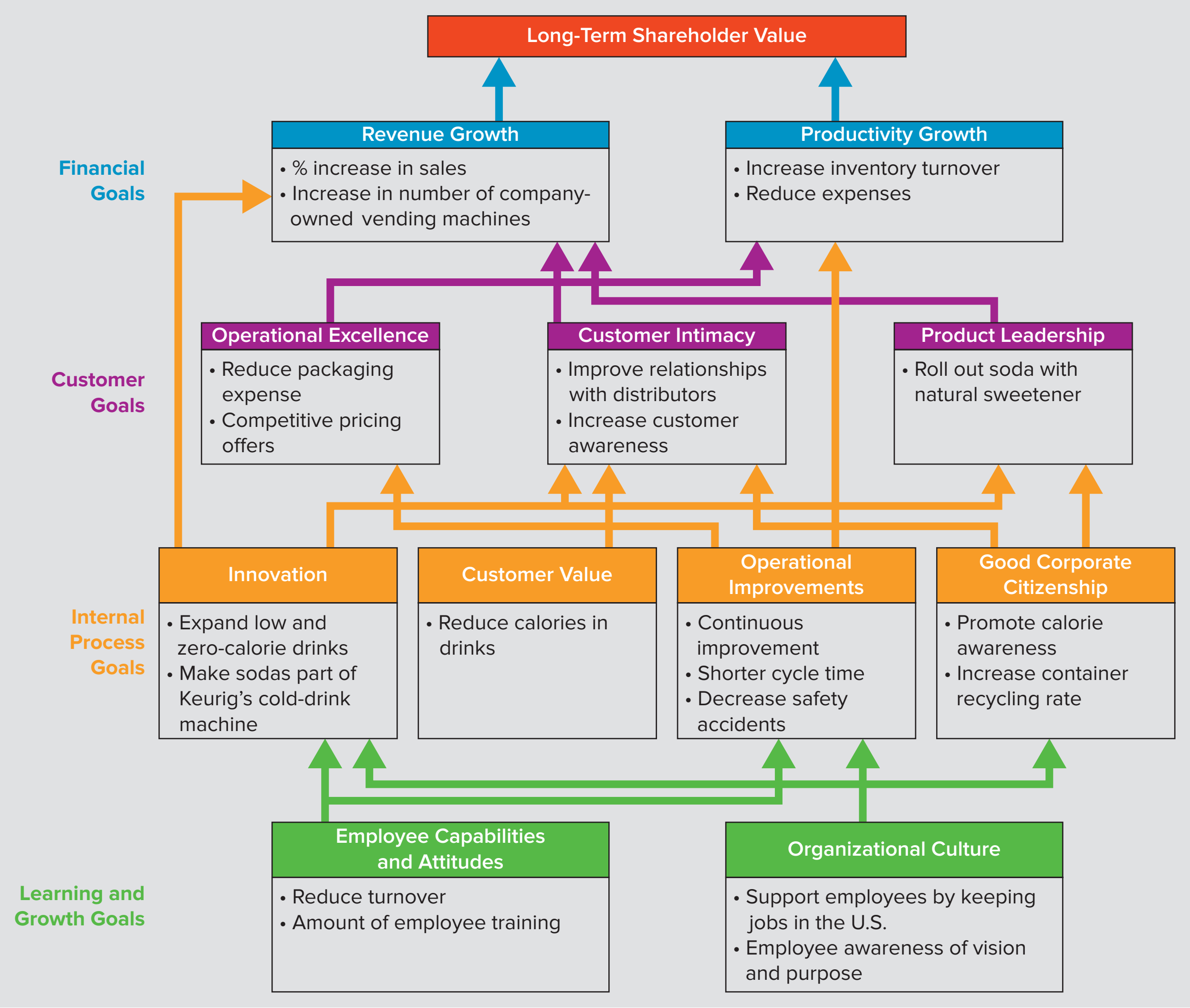
Strategy Mapping: Visual Representation of the Path to Organizational Effectiveness

Have you ever worked for a company that failed to effectively communicate its vision and strategic plan? If yes, then you know how it feels to be disengaged because you don't know how your work contributes to organizational effectiveness. Kaplan and Norton recognized this common problem and developed a tool called the strategy map.

A ***strategy map*** **is a "visual representation of a company's critical objectives and the crucial relationships among them that drive organizational performance."** Maps show relationships among a company's strategic goals. This helps employees understand how their work contributes to their employer's overall success.

We created an illustrative strategy map for Dr Pepper Snapple Group in Figure 15.5. Starting with learning and growth, the arrows in the diagram show the logic that connects goals to internal processes, to customers, to financial goals, and finally to the long-term goal of providing shareholder value. For example, you can see that organizational culture affects the internal process goals related to innovation, operational improvements, and

FIGURE 15.5 SAMPLE STRATEGY MAP FOR DR PEPPER SNAPPLE GROUP



SOURCE: This map was based on information in "Dr Pepper Snapple Group to Boost Container Recycling, and More . . ." *TheShelbyReport.com,* February 12, 2016; C. Choi, "Dr Pepper to Test Naturally Sweetened Sodas," *FoodManufacturing.com,* February 13, 2014; A. Gasparro and M. Esterl, "Keurig Reels In Dr Pepper for Its Coming Soda Machine," *The Wall Street Journal,* January 7, 2015; S. Frizell, "Coke and Pepsi Pledge to Cut Calories," *Time,* September 23, 2014; M. Esterl, "How Dr Pepper Cuts Costs. And Then Cuts Costs Some More," *The Wall Street Journal,* February 16, 2016, R2; "Vision—Call to Breakthrough ACTION," *DrPepperSnappleGroup.com,* accessed May 12, 2016.

good corporate citizenship. This causal structure provides a strategic road map of how the company plans to achieve organizational effectiveness.

You can also detect which of the four perspectives is most important to Dr Pepper Snapple by counting the number of goals in each perspective. For this strategy map, there are four, five, eight, and four goals for the financial, customer, internal processes, and learning and growth perspectives, respectively. You can also see that internal process goals affect eight other goals—count the number of arrows coming from internal process goals. All told, the beauty of a strategy map is that it enables leaders to present a strategic road map to employees on one page. It also provides a clear statement about the criteria used to assess organizational effectiveness.

15.5 ORGANIZATIONAL INNOVATION

MAJOR QUESTION

How can I support my employer's attempts to innovate?

THE BIGGER PICTURE

Managers agree that the ability to innovate affects long-term success, and you will undoubtedly be asked to help your employer achieve this. This section provides insights into the ways organizations approach the goal of innovation. After discussing approaches toward innovation pursued by companies, we review the need to create an innovation system and summarize the influence of office design on innovation and performance.

We live in a time of technological advancement that is creating transformative changes in the way we live, work, and play. Organizations are feeling both the opportunity and the pinch of this reality. Consider the situation faced by executives at Gap. Sales at the global retailer have slumped, and the company has too many stores. An industry expert further concluded, "Every retailer is competing for a shrinking pool of customers who lately spend more of their money on meals or services, such as manicures and travel. Still, they demand greater value and discounts from their clothing purchases." Although the company's chief executive promised to innovate, *Bloomberg Businessweek* reported, "10 months later, the transformation has yet to materialize. Sales have continued to disappoint."[76]

Is Gap an anomaly or is the need to innovate widespread? It's widespread! Results from a recent survey of 500 leaders showed that about 94 percent viewed innovation as key to their company's success. Sadly, only 14 percent of these executives had confidence in their organization's ability to drive innovation.[77]

***Innovation* "is the creation of something new that makes money; it finds a pathway to the consumer."**[78] This definition underscores that innovations must be both novel and useful. We now take a closer look at innovation and the way organizations foster it. You will learn that innovation is more likely to occur when organizations create and support a system of innovation, which includes tailoring the characteristics of the physical environment.

Approaches toward Innovation

We can classify innovations by crossing their type with their focus, producing four distinct types (see Figure 15.6).

The Type of Innovation Managers often need to improve a product or service they offer in response to competition or customer feedback. This response often amounts to a technological innovation. Or managers may need to improve the process by which a product is made or a service is offered. This need typically leads to a process improvement.

More specifically, a ***product innovation* is a change in the appearance or functionalilty/performance of a product or a service or the creation of a new one.** Apple has made nine generations of iPhones that each added new features or functionality, such as camera features, screen size, and Siri voice control system. Apple CEO Tim Cook revealed that Apple has sold about 700 million iPhones as of March 2015.[79] PepsiCo's

FIGURE 15.6 APPROACHES TOWARD INNOVATION

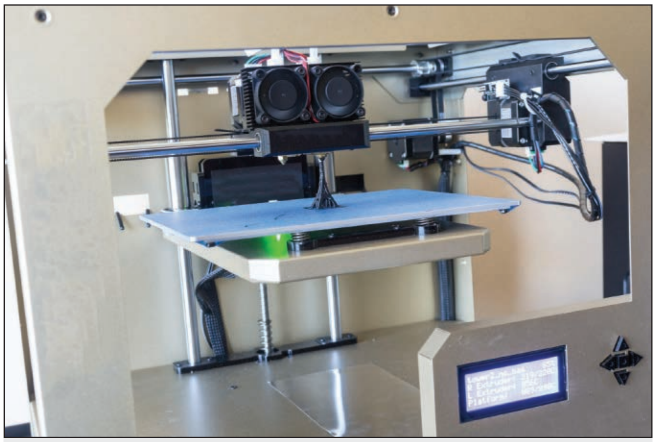
Type of Innovation	Focus of Innovation: Improvement	Focus of Innovation: New Directions
Product	**Apple iPhone** • Nine generations/versions since first introduced in June 2007	**Driverless Cars** • Major automobile manufacturers and Google
Process	**3-D Printing** • Alcoa's use of 3-D printing in its manufacturing process	**Home Construction** • Panelized homes

creation of Mountain Dew Kickstart is another example: higher juice content, fewer calories, new flavors. This new drink has generated over $200 million in two years.[80]

A *process innovation* is a change in the way a product or a service is conceived, manufactured, or distributed. Alcoa's use of 3-D printing in its manufacturing process of jet engine components is a great example. *Fortune* contrasted Alcoa's old and new manufacturing processes: "In the past, Alcoa built a die using a process called subtractive machining. It's similar to sculpture: Start with a material—in this case, steel—then whittle it down into the shape you need. Ten to 30 weeks later, the company ended up with a custom die that it would then use to cast the needed engine part. Today Alcoa pairs computer-aided design, or CAD, with 3-D printing to construct the die from a computer file, layer by layer. A process that once took half a year could be completed in two to eight weeks, allowing the company to dramatically increase its output." The new process reduced manufacturing costs by 25 percent.[81]

The Focus of the Innovation The focus continuum measures the scope of the innovation. **Improvement innovations enhance or upgrade an existing product, service, or process.** These types of innovations are often incremental and are less likely to generate significant amounts of new revenue at one point in time. As is true for products like Apple's iPhone and PepsiCo's Mountain Dew, however, improvement innovations can produce significant revenue if the results are highly different from past products or services.

In contrast, **new-direction innovations take a totally new or different approach to a product, service, process, or industry.** These innovations focus on creating new markets and customers and rely on developing breakthroughs and inventing things that didn't already exist. Experimental driverless cars are a new-direction innovation, and most major automobile manufacturers are exploring their market potential. Some industry experts, including Christoph Grote, head of BMW's advanced technologies group, believe this innovation might change the entire industry. "The next 10 years will bring more change than the last 30," he said.[82]



Three-D printing, also known as additive manufacturing, is used to create a three-dimensional object by having a computer control the successive layers of material that comprise an object. Some people believe that 3-D printing will create a third industrial revolution. Here we see the creation of the Eiffel Tower from a 3-D plastic printer. © Zoonar GmbH/Alamy

The housing industry has experienced a new-direction innovation that changes the process of constructing homes. The traditional way of building a home is called "stick-built." Architectural plans are given to a general contractor, who then hires subcontractors to build the home in phases, starting with pouring the foundation and framing the structure. The process is time consuming, filled with quality issues, and expensive. The new alternative is "panelized homes," in which all components of a house are prefabricated at a climate-controlled factory and then shipped to the building site for construction. The weather-tight shell usually can be assembled in a matter days.[83] An industry study compared results of these two constructions processes for a 2,600-square-foot home and found that panelized homes "required 26 percent less lumber, wasted 76 percent less materials, and needed just over a third of the man-hours that would be used in a comparable stick-built house."[84]

An example of building a panelized home. Note the section of a home being raised so that it can be assembled with additional prefabricated walls. As you can imagine, homes can be built more quickly using this innovative method of construction.

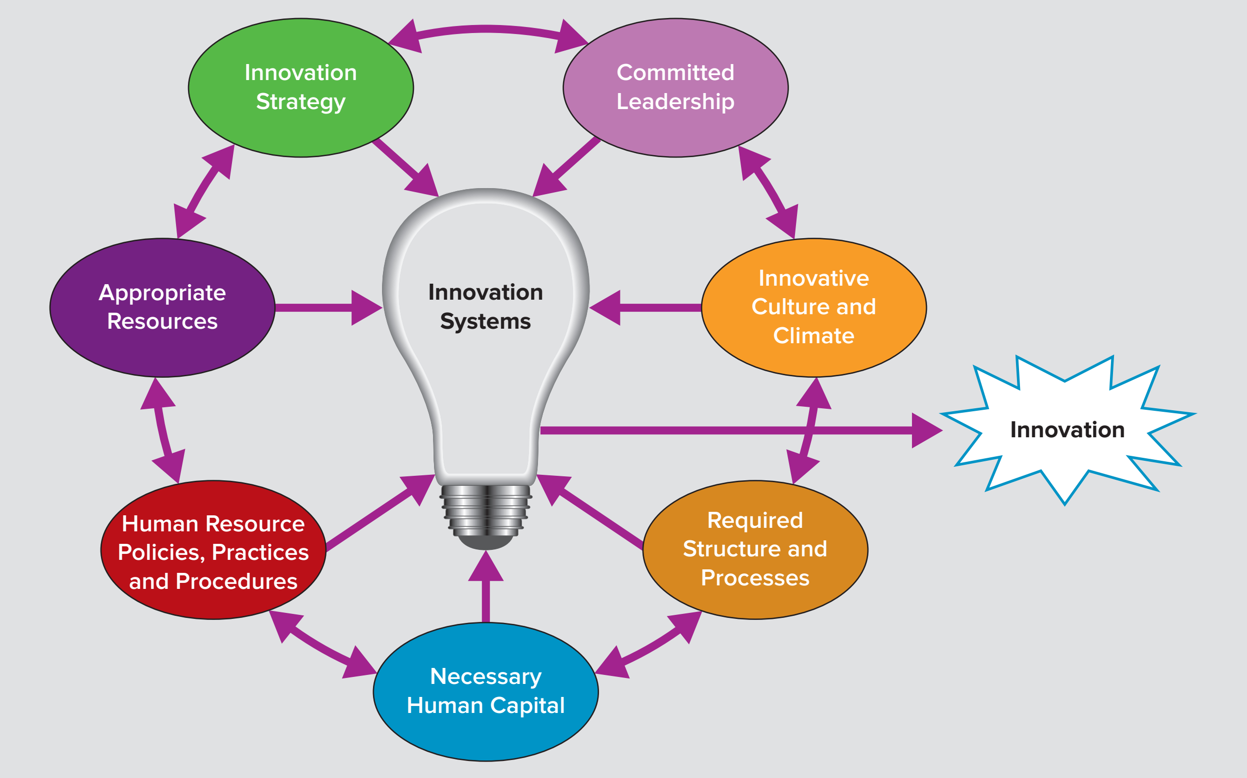
An Innovation System: The Supporting Forces for Innovation

Innovation won't happen as a matter of course. It takes dedicated effort and resources, and the process must be nurtured and supported. Organizations do this best by developing an innovation system. An ***innovation system*** **is "a coherent set of interdependent processes and structures that dictates how the company searches for novel problems and solutions, synthesizes ideas into a business concept and product designs, and selects which projects get funded."**[85] Research and practice have identified seven components of an innovation system: innovation strategy; committed leadership; innovative culture and climate; required structure and processes; necessary human capital; human resource policies, practices, and procedures; and appropriate resources (see Figure 15.7).[86] These must be aligned and integrated for innovation to blossom, hence the dual-headed arrows in Figure 15.7.

Create an Innovation Strategy Many companies fail in their improvement efforts because they lack an innovation strategy.[87] An *innovation strategy,* which amounts to a plan for being more innovative, requires a company to integrate its innovation activities into its business strategies. This integration encourages management to invest resources in innovation and generates employee commitment to innovation across the organization.

Corning is a diverse company that used its expertise in glassmaking to become a global manufacturer of specialty components needed for electronic displays, life sciences instruments, and telecommunications systems among others. According to a writer for the *Harvard Business Review,* "The company's business strategy focuses on selling 'keystone components' that significantly improve the performance of customers' complex system products. Executing this strategy requires Corning to be at the leading edge of glass and materials science so that it can solve exceptionally challenging problems for customers and discover new applications for its technologies. That requires heavy

FIGURE 15.7 COMPONENTS OF AN INNOVATION SYSTEM



investments in long-term research."[88] The company spearheads these innovation efforts via a centralized R&D laboratory in upstate New York.

Commitment from Senior Leaders One of the biggest lessons we have learned from our consulting experience is that the achievement of strategic goals is unlikely without real commitment from senior leaders. PepsiCo CEO Indra Nooyi knows this lesson well. She is currently driving innovation by prioritizing design.

Nooyi hired Mauro Porcini from 3M to be PepsiCo's first chief design officer. Nooyi told an interviewer that Porcini "wanted resources, a design studio, and a seat at the table." She gave him all that. "Now our teams are pushing design through the entire system, from product creation, to packaging and labeling, to how a product looks on the shelf, to how consumers interact with it," she said.[89]

Foster an Innovative Culture and Climate A recent survey by the Boston Consulting Group identified risk-averse culture as the key obstacle to innovation.[90] Academic research also supports the conclusion that an innovative culture and climate are associated with the creation of new ideas and products.[91] These findings reflect the fact that innovation requires experimentation, failure, and risk taking, and these are all aspects of an organization's culture. Many senior leaders understand this link.

The legendary 3M Chairman William McKnight once said, "The best and hardest work is done in the spirit of adventure and challenge. . . . Mistakes will be made." Pixar President Ed Catmull has a similar viewpoint: "Mistakes aren't a necessary evil. They aren't evil at all. They are an inevitable consequence of doing something new . . . and should be seen as valuable."[92]

Managers can create an innovative culture and climate by using the 12 mechanisms for creating culture change discussed in Chapter 14. These concerted efforts should facilitate the creation of values, norms, and rewards that support risk taking, adaptability, agility, and psychological safety to speak up and provide criticism.[93]

Problem-Solving Application

Extended Stay America Tries to Increase Innovation

© jeremy sutton-hibbert/Alamy

Jim Donald took the helm at national hotel chain Extended Stay America after the company had gone through bankruptcy. Employees were suffering job insecurity and avoiding decisions that might cost the company money. "They were waiting to be told what to do," says Donald.

What Did the Company Do to Increase Innovation? Employees were told the company needed them to generate daring ideas and take calculated risks to improve customer service and profitability. To make this happen, Donald decided to provide a safety net to encourage people to let go of the fear of failure. He created "Get Out of Jail Free" cards (as in the game of Monopoly) and distributed them to the company's 9,000 employees.

Employees could turn the card in "when they took a big risk on behalf of the company—no questions asked." The card became a way of giving employees permission to make mistakes in the interests of trying something innovative.

What Was the Result of the Program? The cards have been trickling in since the program started. For example, "one California hotel manager recently called to redeem her card . . . confessing that she nabbed 20 business cards from a fishbowl in the lobby of nearby rival La Quinta in an attempt to find prospective customers. Another manager in New Jersey cold-called a movie-production company when she heard it would be filming in the area. The film crew ended up booking $250,000 in accommodations at the hotel."[94]

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problem Donald was trying to resolve.

Step 2: Identify the causes. What OB theories or concepts help explain the causes of the problem?

Step 3: Make your recommendation. What do you think about Donald's solution? Explain.

Have you worked for a company that has an innovative climate? Are you wondering what it takes to create such a climate? If yes, take the innovation climate Self-Assessment 15.4.

connect SELF-ASSESSMENT 15.4

How Innovative Is the Organizational Climate?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 15.4 in Connect.

1. What is the level of innovation? Are you surprised by the results? Explain.
2. Select the three lowest survey item scores. Use the content of these items to recommend what the company could do to become more innovative.

Required Structure and Processes Organizational structure and internal processes can promote innovation if they foster collaboration, cross-functional communication, and agility. Our earlier discussion of organizational design suggests that organic structures are better suited for innovation than mechanistic ones. For example, Juniper Networks, a leader in computer network integration, concluded that its "formal organizational structure was not conducive to the types of rich interactions and conversations required for innovation to thrive." Vince Molinaro, executive vice president of worldwide sales, commented, "We were not integrating diverse expertise and experience across engineering, infrastructure, and sales teams the way we could when we were a small company." Juniper changed its structure.[95]

In Chapter 1, we defined organizational processes as an organization's capabilities in management, internal processes, and technology that turn inputs into outcomes. Processes play a critical role in innovation. The design and consulting firm IDEO, for example, employs a unique process when it helps companies to innovate (see the OB in Action box). ***Crowdsourcing,*** **defined as "the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people" typically via the Internet,** is being used by more companies to help innovate. For example, Anheuser-Busch used 25,000 online collaborators to help develop a golden-amber lager called Black Crown. General Mills also relied on crowdsourcing to seek ideas about ingredients in products, packaging, and new products.[96] To date there has been limited research on the effectiveness of crowdsourcing. One recent study, however, showed that its use was positively associated with firm performance.[97]

OB in Action

Design Thinking Your Way to Innovative Solutions

IDEO (pronounced "EYE-dee-oh") is a unique, award-winning, and highly respected and influential global design firm. It is responsible for such innovative products as the first mouse for Apple, heart defibrillators that walk a user through the steps, and TiVo's "thumbs up–thumbs down" button. An intense focus on end-user behavior is the foundation of all the company does and is embedded in the three steps of its design thinking. The steps are inspiration, ideation, and implementation.

- **Inspiration.** As defined by David Kelley, IDEO's legendary founder, inspiration is the problem or opportunity that motivates the search for solutions.
- **Ideation.** Ideation is the process of generating, developing, and testing ideas.
- **Implementation.** The final step, implementation, links the problem's solution to people's lives.

Observing user behavior and working with prototypes are important aspects of each step. They help IDEO's diverse problem-solving teams both define client problems and gauge the effectiveness of their solutions.

Thinking Like a Designer The company's consulting approach to products, services, processes, and strategy brings together what is desirable from a human point of view with what is technologically feasible and economically viable. It also allows people who are trained as designers to use creative tools to address a vast range of challenges. The goal: to tap into abilities we all have that are overlooked by more conventional problem-solving practices. Thinking like a designer relies on one's ability "to be intuitive, to recognize patterns, to construct ideas that are emotionally meaningful as well as functional, and to express ourselves through means beyond words or symbols."[98]

Beyond Product Design IDEO's design thinking has been so successful that many nonbusiness and nonproduct organizations are now engaging the company. For instance, it is working with the City of Los Angeles to design a revolutionary voting system for its 5 million registered voters. The system must be "useful and accessible to all types of voters: those who are vision and hearing impaired, in wheelchairs, have learning disabilities, are unfamiliar with technology, speak languages other than English—voters of all ages and backgrounds."[99] It also is working with Lufthansa to redesign the long-haul travel experience. The company's head of customer experience said, "Our goal was to improve service in these private moments so that the guest receives a totally new flying experience with much more quality time."[100]

As an Organization IDEO has more than 600 employees in 10 offices, both in major US cities and overseas in London, Munich, Shanghai, Singapore, and Tokyo.[101] The firm has an organic design, the result of merging four design companies. Its current structure builds on project teams and a flat hierarchy, in support of individual autonomy and creativity.[102]

YOUR THOUGHTS?

1. What is appealing to you about IDEO?
2. To what extent does IDEO's approach to design force companies to use the seven components of an innovation system (see Figure 15.7)? Explain.

Finally, a team of experts suggested that organizations can foster innovation by focusing on four agility techniques.[103]

1. **Place more emphasis on people than on processes and tools.** Innovation initiatives or projects should be built around motivated individuals who are empowered to get the job done and have the resources to do it.
2. **Be responsive to change rather than following a detailed plan.** It helps to create project plans, but don't spend large amounts of time trying to identify each and every task to be completed. Tasks frequently change as situations evolve. Teams thus need the freedom to diverge from project plans if the situation or customer requires it. GE is following this recommendation. CEO Jeff Immelt is encouraging employees to pivot to a new idea if an approach to innovating or solving problems isn't working. He told a reporter from *Bloomberg Businessweek,* "We encourage people to try things, pivot, try them again. It's a better way to run the place than centralized command and control, process-laden."[104]
3. **Develop and test prototypes rather than focusing on documentation.** People learn more and are happier when they observe their ideas being applied in real market conditions. Teams should experiment with products and services on a small scale to see whether customers like them. If they do, keep the new ideas; otherwise, it's back to the drawing board. For example, PepsiCo originally designed SunChips to be one-inch square and to break into pieces when eaten. When the company pilot-tested the product in focus groups, people said they preferred products that were smaller than one inch. PepsiCo concluded the chips were too big and changed its molds and production processes.[105]
4. **Collaborate with customers rather than adhering to rigid contracts.** Customers often don't know what they want. Adhering to fixed contracts and deliverables rather than adjusting to customer preferences can reduce innovation when employees get too focused on budgets and specifications. Constant collaboration with customers will keep work focused on what they ultimately value.[106]

Develop the Necessary Human Capital We defined human capital in Chapter 14 as the productive potential of an individual's knowledge and actions: a person factor in the Organizing Framework. Research has identified several employee characteristics that can help organizations innovate. For example, innovation has been positively associated with the individual characteristics associated with creativity, creative-thinking skills, intrinsic motivation, the quality of the relationship between managers and employees, and international work experience.[107]

> **EXAMPLE** GE is aware of the need to develop human capital for innovation. The company has hired hundreds of software engineers to develop its analytic and big data capabilities. It is doing this in pursuit of the strategic goal of being a top-10 software company by 2020.[108]

> **EXAMPLE** General Motors CEO Mary Barra is trying to increase innovation by hiring more executives with experience outside the firm. This action is the opposite of the company's tradition of promoting senior executives from within. According to *The Wall Street Journal,* "The shake-up reflects a desire to reshape a notoriously insular corporate culture with a tradition of grooming internal talent, including Ms. Barra, who joined GM as a college intern some three decades ago."[109]

Human Resource Policies, Practices, and Procedures Human resource policies, practices, and procedures need to be consistent with and reinforce the other six components of an innovation system. Companies that know this are more likely to be innovative and to have higher financial performance.[110] For example, the practice of bringing people from different disciplines together to both brainstorm and train is a good way to foster the collaboration needed for innovation. The University of Michigan's Biointerfaces Institute "locates materials scientists, chemical engineers, biomechanical engineers, and medical researchers near each other. The resulting collaborations led to the creation of a blood test that both captures and cultures cancer cells for speedier cancer diagnoses," according to a writer for *Training*.[111]

A company's performance management and incentive system are often at odds with an innovation culture and climate. For example, GE changed its well-known annual performance review process to make it more consistent with driving innovation and attracting younger software engineers. In the past, the company ranked all employees and then eliminated the bottom 10 percent. This process has been replaced with a more nurturing approach in which employees are coached by more experienced colleagues.[112] Companies also need to align their reward and recognition systems with innovation-related goals. Research shows that receipt of extrinsic rewards is associated with both creativity and innovation.[113]

Appropriate Resources Organizations need to put their money where their mouths are. If managers want innovation, they must dedicate resources to its development. Resources can include people, dollars, time, energy, knowledge, and focus. Heineken, for example, spent $2 million on training employees in beer basics to help them innovate.[114]

Office Design

Office designs have gone through radical changes in the past 15 years. In an effort to reduce costs, to promote cooperative behavior and camaraderie, to increase productivity, and to create more transparency in what we do, many companies have adopted open-office design. Unlike traditional designs in which people have their own offices, open-plan designs offer shared work space that accommodates anywhere from two to several hundred people. *The Washington Post* reported that 70 percent of today's organizations use some amount of open office space. All told, our personal space at work is predicted to decrease from 2010 levels of 225 square feet to under 100 square feet by 2017.[115]

This photo is quite typical for an open office environment. What are the pros and cons to working in this area? Would you prefer this office design or a traditional office with a door? © Cathy Yeulet/123RF

For us, the question is whether the move to open-office designs is leading to positive individual, group, and organizational outcomes. What is your opinion? Here are some findings from OB research:

- Privacy, defined as the ability to control incoming stimulation and interpersonal contact and to limit outgoing information, is reduced in an open-plan office.
- Few office cubicle dividers are tall enough to block the noise and distractions that limit people's ability to focus at work. The resulting overstimulation is stressful for many people.
- Spatially dense work environments (in which employees are crowded) have been found to promote cooperative behavior and productivity, but they can also be detrimental to individual, group, and organizational performance.[116]
- Attitudes about personal space are culturally bound around the world. "Germans allocate an average of 320 square feet per employee; Americans an average of 190. For workers in India and China, the figures are 70 and 50 square feet respectively," according to a writer in the *Harvard Business Review*. Both Indian and Chinese workers rated their work environments highly in terms of their ability to concentrate and work without disruption, but this is not true in the United States.[117]

The above results demonstrate both positive and negative effects of open-office designs. So what is management to do? For one, recognize that people have preferences. For example, your two coauthors have opposite views on this issue. Mel Fugate likes to work at his university office and Angelo Kinicki does not. Mel goes to school every day to write and enjoys the social interaction, while Angelo finds the environment too distracting to focus on writing and creative work. Second, remember that open offices are not inherently good or bad when it comes to innovation, collaboration, or performance. All told, we agree with these conclusions by a team of office design professionals.

> The key to successful work spaces is to empower individuals by giving them choices that allow control over their work environment. When they can choose where and how they work, they have more capacity to draw energy and ideas from others and be re-energized by moments of solitude. Providing the ability to move easily between group time and individual private time, create a rhythm—coming together to think about a problem and then going away to let ideas gestate—that is essential to the modern organization.[118]

What Did I Learn?

You learned that your knowledge of organizational design, effectiveness, and innovation gives you the ability to help both you and an organization to achieve desired goals. Reinforce your learning with the Key Points below. Then consolidate your learning with the Organizing Framework. Finally, challenge your mastery of the material by answering the Major Questions in your own words.

Key Points for Understanding Chapter 15

You learned the following key points.

15.1 THE FOUNDATION OF AN ORGANIZATION

- Coordination of effort, aligned goals, division of labor, and hierarchy of authority are four common denominators of all organizations.
- There is no consensus about the optimal span of control. In setting the span of control, managers should consider the organization's size, the skill level needed to complete tasks, the organization's culture, and managerial responsibilities.
- Closed systems, such as a battery-powered clock, are relatively self-sufficient. Open systems, such as the growing and selling of organic food, are highly dependent on the environment for survival. Organizations are open systems.
- A learning organization proactively creates, acquires, and transfers knowledge and changes its behavior on the basis of new knowledge and insights.
- Figure 15.4 illustrates the five-step process underlying organizational learning.

15.2 ORGANIZATIONAL DESIGN

- There are three broad types of organizational design: traditional, horizontal, and open. Each has a different focus and is associated with specific types of structure.
- Organizations are structured in seven basic ways. Traditional designs include (*1*) functional structures, in which work is divided according to function; (*2*) divisional structures, in which work is divided according to product or customer type or location; and (*3*) matrix structures, with dual-reporting lines based on product and function. Organizations also may be designed (*4*) horizontally, with cross-functional teams responsible for entire processes. Organization design can reduce barriers between organizations, by means of (*5*) hollow organizations, which outsource functions; (*6*) modular organizations, which outsource the production of a product's components; and (*7*) virtual organizations, which temporarily combine the efforts of members of different companies to complete a project.
- Table 15.2 summarizes the pros and cons of each of the seven types of organizational design.

15.3 CONTINGENCY DESIGN AND INTERNAL ALIGNMENT

- There is no one best form of structure for an organization. Organizations are more effective when they are structured to fit the demands of the situation.
- Managers should consider five key contingency factors when making decisions about organizational design: strategy and goals, market uncertainty, decision-making processes, technology, and size.
- Six organizational characteristics—strategy; structure; organizational culture; internal processes; human resource practices, policies, and procedures; and employees' human and social capital—need to be aligned and mutually reinforcing when selecting an effective organizational design.
- There are both short- and long-term benefits to knowing about organizational design.

15.4 ASSESSING ORGANIZATIONAL EFFECTIVENESS

- The balanced scorecard is a dashboard approach to measuring organizational effectiveness. It is based on the use of four key perspectives to measure organizational effectiveness.
- The four perspectives underlying the balanced scorecard are financial, customer, internal business process, and learning and growth.
- A strategy map is a visual representation of a company's strategic goals and the relationships among them.

15.5 ORGANIZATIONAL INNOVATION

- Innovation is the creation of something new and useful that gets commercialized.
- Crossing the types of innovation with the focus of the innovation results in four approaches toward innovation.
- Innovations can produce new products or new processes and can vary in focus from improvement to new directions.
- An innovation system's seven components are an innovation strategy, commitment from senior leaders, an innovative culture and climate, required structure and processes, necessary human capital, appropriate resources, and human resource policies, practices, and procedures.
- Office design affects innovation and employee performance.

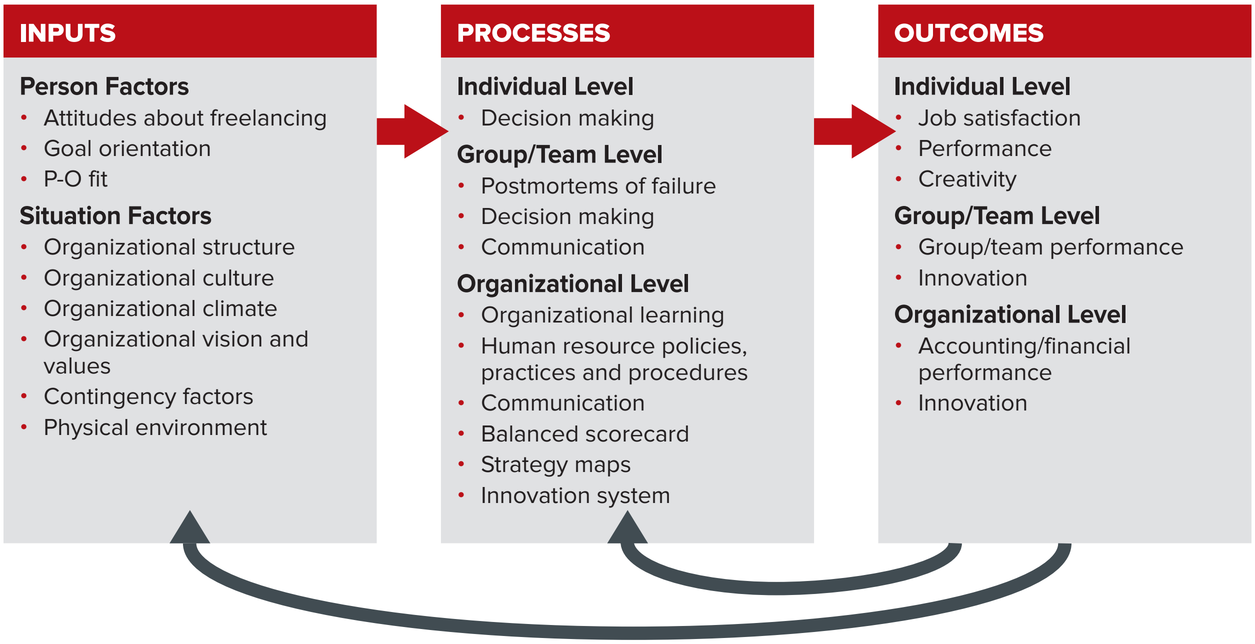
The Organizing Framework for Chapter 15

As shown in Figure 15.8, more situation than person factors serve as inputs to a host of processes across all three organizational levels. These processes in turn affect outcomes across the individual, group, and organizational levels.

Challenge: Major Questions for Chapter 15

You now should be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 15.8, the

FIGURE 15.8 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB



chapter itself, and your notes to revisit and answer the following major questions:

1. How can knowledge about an organization's foundation help me in my career?
2. What are the seven basic ways in which organizations are structured, and how do these structures relate to the organization's purpose?
3. How can I use knowledge about contingent organization design and internal alignment to improve my satisfaction and performance?
4. What does its choice of ways to measure its effectiveness tell me about an organization?
5. How can I support my employer's attempts to innovate?

IMPLICATIONS FOR ME

This chapter highlights six implications for you. First, take the time to learn from failure in both your personal and work life. It helps to adopt a learning or mastery goal orientation. Second, structure affects your behavior and performance. If you feel your employer's organizational structure is constraining your effectiveness, try to find a solution for overcoming the barrier. Third, P-O fit matters when it comes to organizational design. This means you need to understand the pros and cons of the seven organizational designs so you can assess whether a particular work environment is going to fit. Fourth, try to establish goals at work that take the four perspectives in the balanced scorecard. This will be more effective if your goals flow from those of your boss. Fifth, build your human and social capital so you can help your organization innovate. Finally, if your office environment does not suit your work style, talk to your boss about changes that would make things better.

IMPLICATIONS FOR MANAGERS

There are seven implications for managers. First, do what you can to help your organization learn. Be seen as someone who promotes learning rather than someone who hides from failure and constructive feedback. Second, formalize the process of learning from failure within your work unit. Third, familiarize yourself with the pros and cons of the seven core organizational designs so you can participate in related discussions at work. Fourth, assess the extent to which your organization's current structure is based on the alignment of the six key internal organizational-level characteristics. If they are not aligned, present a proposal to someone higher in the managerial chain about improving this alignment. Fifth, use the balanced scorecard as a framework for setting goals for your work unit. Then apply strategy mapping as a mechanism to show how your goals flow upward from the learning and growth perspective to the financial perspective. Sixth, foster innovation by focusing on how you can enhance an innovation system. Improve those factors under your control. Finally, talk to your team about the office design. Find out how everyone feels about it and ask for recommendations about how it might be improved.

PROBLEM-SOLVING APPLICATION CASE

Zappos CEO Asks Employees to Commit to Teal, or Leave

A BIT OF HISTORY

Zappos had modest beginnings. In 1999, shoesite.com was started by Nick Swinmurn to capture online shoe sales. Swinmurn reached out to Tony Hsieh (pronounced "shay") and Alfred Lin, who were running Venture Frogs, a kind of venture capital group, for advice and funding. Shoesite soon changed its name to Zappos, a riff on *zapatos,* the Spanish word for shoes, but abstract enough to let the company offer products other than footwear.

In 2000 Hsieh joined Swinmurn as co-CEO and then became sole CEO. Quietly charismatic, Hsieh gives quote-worthy interviews and for over a decade has served as the company's public face and voice. (Swinmurn left in 2006.)

Zappos has achieved great financial success. Revenue jumped from $1.6 million in 2000 to over $1 billion by 2008. This success led Amazon.com to purchase the company for $1.2 billion in 2009. And today? While Amazon does not separate Zappos revenues in its annual report, the division's sales are assumed to continue at well over $1 billion annually. Hsieh told Jennifer Reingold, a *Fortune* reporter, that the company had achieved its highest operating profit ever in 2015.[119]

TONY HSIEH'S VISION FOR THE COMPANY

Hsieh has long cared about employee welfare, as evidenced by his book titled *Delivering Happiness.* He asserts that employee satisfaction is essential for business success. Today, his goal is to turn Zappos into a "teal" company: teal represents a company "characterized by self-management, bringing one's 'whole' self to work, and having a purpose beyond making money," according to *Fortune.* To get there, Hsieh implemented an organizational structure he calls a holacracy.

MOVING TO HOLACRACY

Zappos historically favored an informal and flatter organization structure that probably best fits the horizontal form of organizational design discussed in this chapter. The company preferred this design because it felt bureaucracy and hierarchy might dampen the creativity and employee engagement needed to provide great customer service, a primary corporate goal. Although this design aided Zappos throughout its growing years, in 2013 Hsieh came to believe that Zappos's organizational structure was limiting what employees had to offer. It was time for a change.

Hsieh told *The Wall Street Journal,* "Employees have so much more to offer. They're a full human being that has all these skills that, if they're given the right context to collaborate with each other and be creative and help move the company forward, they will do that."[120]

In a holacracy, the traditional hierarchical structure and reporting relationships are replaced by self-management. There are no job titles and no managers. "It removes power from a management hierarchy and distributes it across teams that have a clear set of roles, responsibilities, and expectations. Instead of being assigned to a particular job position or description, roles of employees are defined around the work. These roles are constantly being updated and employees fill several roles. Additionally, employees work within a team in which authority is equally distributed among its members," according to management blogger.[121]

These teams represent a hierarchy of work circles. A writer for *Fortune* noted that each team has a different purpose, and the circles "operate next to, and on top of, each other. . . . Lead links are the nominal managers—but they have little formal authority and can't force employees to do anything they don't want to do."[122]

A writer from *Forbes* described the structure as a hierarchy of circles that operate according to detailed procedures outlined in the Holacracy Constitution. "Each higher circle tells its lower circle (or circles) what its purpose is and what is expected of it. It can do anything to the lower circle—change it, re-staff it, abolish it—if it doesn't perform according to the higher circle's expectations. The word *customer* or a reference to any feedback mechanism from the customer doesn't appear even once in the Holacracy Constitution. The arrangements are purely inward-looking and vertical," according to *Forbes.*[123] As of 2015, more than 300 circles covered the areas of customer service, social media, Holacracy implementation, and others.[124]

The Holacracy Constitution was developed by Brian Robertson, the software executive who proposed this form of organizational design. This document contains a language unique to this form of structure and detailed procedures for running governance and tactical meetings and expressing "tensions." A tension is an employee concern or problem about something happening at the company. Circles are expected to resolve tensions. Employees are expected to use the language and procedural guidelines in the constitution.

Hsieh notes this process makes everything explicit. In other words, holacracy creates bureaucracy and hierarchy. "The ironic thing is there's actually a lot more structure and we have governance meetings. Each circle has its own governance meetings that list accountabilities and change purpose statements and so on," he said.[125]

Employees are allowed to move from circle to circle if they believe their talents can be used more effectively elsewhere or they are unhappy in their current circle.

THE OUTCOMES OF HOLACRACY AT ZAPPOS

In attempt to optimize P-O fit, in 2015 Hsieh offered employees three months of severance pay if they did not like working in the new structure. About 14 percent of Zappos's 1,500 employees took the deal. This is huge when you consider that the company's traditional turnover rate has been about 1 percent.[126] Hsieh isn't overly concerned and even provided this positive spin: "Another way to look at it is that 86 percent of employees chose to walk away from the 'easy money' and stay with the company." Zappos simply went out and hired more people.

Fortune reporter Reingold concluded that holacracy creates winners and losers. On the positive side, it sparked new ideas and provided more opportunities for less senior employees because experience and expertise were de-emphasized in the new structure. It also benefited introverts in that they now are expected to speak up in meetings. It also helped dissatisfied employees such as Derek Noel. Noel was a customer service representative who wanted to transfer to the company's culture team. His boss had blocked the transfer, but under holacracy, he was no longer allowed to do this. So Noel moved to the Fungineering circle, an events-planning/pep team.[127]

On the downside, the new structure is vague about how people receive performance evaluations and pay raises. Some are concerned about promotional opportunities because there are no managerial job tracks. Employees told *The Wall Street Journal,* "The new system has been confusing and time-consuming, especially at first, sometimes requiring five extra hours of meetings a week as workers unshackled from their former bosses organize themselves into 'circles' and learn the vocabulary of holacracy."[128]

NOW WHAT?

Hsieh wrote a 4,300-word memo to employees in 2015 called, "Reinventing Zappos: The Road to Teal." (Remember that he earlier asked people to commit to a holacracy culture and 14 percent of the employees quit.) He then asked everyone to commit to teal or leave (with a nice severance package). He felt that nonbelievers needed to go. According to *Fortune,* "In the end, 18 percent of the 1,500 employees took buyouts, and another 11 percent left without a package."[129] All told, about 29 percent of Zappos employees quit the company as a result of instituting a holacracy culture in pursuit of becoming teal.

Many remaining employees feel it's time to refocus on organizational culture. It was suggested that circles include a "culture check" at every governance meeting. The company has also revised its recruiting process to assess whether applicants fit the new structure and philosophy of teal.

In 2016, Zappos did not make *Fortune's* list of Best Places to Work for the first time in eight years. Its scores on 48 of 58 questions had dropped.[130]

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework in Figure 15.8 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of Zappos employees.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 15.8. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 15.8 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box shown in Figure 15.8. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 15 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Does Tax-Exempt Status for Universities Make Them Good Organizational Citizens?

We discussed in this chapter how the balanced scorecard identifies four categories of organizational effectiveness criteria. Community-related measures of effectiveness, such as satisfaction with services or benefits provided by a company, are one component of the internal business process category. This challenge considers the issue of community-related effectiveness. Specifically, you will be asked to consider the "good organizational citizen" category within the balanced scorecard.

Surely universities and colleges are good for society, but could they do better? Consider the issue of federal income taxation.

According to the Association of American Universities (AAU), "the vast majority of private and public universities and colleges are tax-exempt entities as defined by the Internal Revenue Code . . . because of their educational purposes—purposes that the federal government has long recognized as fundamental to fostering the productive and civic capacities of citizens."[131]

The AAU further notes that "income for activities that are substantially related to the purpose of an institution's tax exemption, charitable contributions received, and investment income are not subject to federal income tax."[132]

Princeton University is New Jersey's only Ivy League school. Its $22.7 billion endowment is the fourth largest in the United States. Not only does Princeton not pay income taxes on investment income from this endowment, but it also is exempt from property taxes.

Two dozen Princeton homeowners have filed a suit challenging the tax-exempt status of the school. If the suit is successful, tax revenue from the university would climb to about $40 million a year, 264 percent higher than what it currently is paying, according to Bruce Afran, the plaintiffs' lawyer. That would reduce homeowners' tax payments by about 33 percent.

"The so-called benefits the university gives are not real economic benefits that help the average person," said Afran. New Jersey resident Leighton Newlin noted that the university "almost operates like a hedge fund that conducts classes."[133]

The idea of challenging universities' tax-exempt status is starting to spread. Not only is Congress looking into it, but also lawmakers in New Haven, Connecticut, have proposed legislation to tax Yale University's $25.6 billion endowment.[134]

The question for you to address is not the legality of the tax-exempt status of colleges and universities. The issue is whether these institutions would provide enhanced value to the communities in which they are located if they paid taxes on both investment income and property.

If You Were a Jurist Evaluating the Tax-Exempt Status of Princeton and Yale, How Would You Vote?

1. I would continue to give universities tax-exempt status on both endowments and property taxes. Universities most likely spend the tax-exempt money on scholarships, buildings, and funding research. All these expenditures provide value to society, suggesting that universities are good citizens.
2. I would vote for tax-exempt status on investment income for the same reasons noted above, but not property taxes. Everyone else has to pay property taxes, and if colleges and universities paid them too, the funds would directly help the members of the surrounding community by reducing their tax burden. This is good citizenship.
3. I would both revoke the tax-exempt status of investment income and collect property taxes. Being a good corporate citizen necessitates that these institutions pay taxes like businesses and individuals do.
4. Invent other options.

16 MANAGING CHANGE AND STRESS

How Can You Apply OB and Show What You've Learned?

Major Topics I'll Learn and Questions I Should Be Able to Answer

16.1 Forces for Change

MAJOR QUESTION: *What are the common forces for change at work, and how can knowing them improve my personal effectiveness?*

16.2 Types and Models of Change

MAJOR QUESTION: *How can my organization and I use different approaches to more effectively manage change?*

16.3 Understanding Resistance to Change

MAJOR QUESTION: *Why do people resist change and what can I do about it?*

16.4 The Good and the Bad of Stress

MAJOR QUESTION: *How does stress increase or reduce my effectiveness?*

16.5 Effective Change and Stress Management

MAJOR QUESTION: *How can OB knowledge and tools help me effectively manage change and stress?*

We conclude the book with how to manage change and stress. These organization-level processes (see Figure 16.1) are fitting ways to conclude our OB journey, because they either influence or are influenced by everything else you've learned. For instance, effectively managing change requires taking into account a host of person and situation inputs, as well as a host of processes at the individual, group, and organizational levels. And we measure the success of change initiatives in terms of outcomes across the three levels of OB. We discuss stress along with change because change is one of the most common and significant causes of employee stress. Managing change effectively will not only reduce the stress in your life, but it will also help you stand out from the competition throughout your career.

FIGURE 16.1 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

INPUTS

Person Factors
- Personality
- Demographics
- Skills and abilities
- Values
- Needs
- Ethics
- Stressors

Situation Factors
- Relationship quality
- Leadership
- Human resource problems/ prospects
- Managerial behavior/ decisions
- Culture (organizational)
- Technology
- Market forces
- Social, political, and regulatory pressures
- Stressors
- Organizational mission and vision
- Strategy

PROCESSES

Individual Level
- Emotions
- Cognitive appraisals
- Coping strategies
- Perceptions
- Motivation
- Trust
- Communication

Group/Team Level
- Group/team dynamics
- Conflict and negotiation
- Decision making
- Power, influence, and politics
- Performance management
- Leadership
- Trust

Organizational Level
- Human resource policies and practices
- Culture
- Organizational design and effectiveness
- Leading and managing change and stress
- Trust

OUTCOMES

Individual Level
- Task performance
- Work attitudes
- Well-being
- Citizenship behavior/ counterproductive behavior
- Resistance to change
- Turnover
- Career outcomes
- Stress (physical and emotional)
- Accidents

Group/Team Level
- Group/team performance
- Group satisfaction
- Group cohesion and conflict
- Resistance to change

Organizational Level
- Survival
- Accounting/financial performance
- Organizational performance
- Customer satisfaction
- Innovation
- Reputation

Winning at Work

How to W.I.N. at Stress and Change

You already know change is often stressful, and you will encounter both stress and change throughout your life. We offer some simple and practical recommendations you can apply at school, work, and other arenas of your life to manage both more effectively.

© JGI/Jamie Grill/Getty Images

Determine What You Can and Cannot Control

Many people find that the more control they have over their environment, the less stress they experience. The same is true of change. For example, changes at work are typically much less stressful if you are active in planning them and have some say over the outcomes. Therefore, a good place to start when managing change and stress is recognizing what you can control and what you can't. Once you've done this, you'll be well on your way to applying what Sharon Melnick, a noted stress researcher, calls *W-I-N at Change.*[1] First, identify a change in some arena of your life—school, work, or a relationship. Follow the three steps below to reduce your stress associated with that particular change. Then apply this same approach to other changes and sources of stress in your life.

Written Inventory. Make a three-column chart. Write the implications of the change for you personally in column one. Describe your reactions to these implications in the second column. Pay particular attention to your emotions and the way they affect your reactions.

Individual Responsibility. In the third column describe specific things you can do to address the implications and your reactions. Do you need to manage your emotions? Would it be helpful to seek some support from a classmate, colleague, or friend? Also consider your attributions and potential biases, and the possibility of miscommunication. Be sure to focus on the aspects you can control, and don't get distracted or bogged down by what you can't.

New Learning Plan. Situations that cause stress and/or require change are often excellent opportunities for learning. You can discover what triggered your stress and how to avoid or prevent it in the future. But also be purposeful and identify the specific skills you need to effectively *manage* the change and associated stress. Then describe what you can do to learn these skills. Consider finding a mentor or coach, because this can also help build your social capital. Set goals, make a plan, work the plan, and don't forget to reward yourself!

What's Ahead in This Chapter

We know you've heard the statement: "The only constant in life is change." But now we want you to think about what this fact might mean for your job and career. We created this chapter not only to help you figure that out, but also to give you practical knowledge and tools to help you manage change at different levels in the Organizing Framework for OB. To do this, we'll explore common forces or drivers for change, as well as learn about some popular models for understanding and managing change. Because it's normal for people to resist change, it helps to learn why and what you can do about it. Change is a major cause of stress at work and in your life as a whole, so we help you understand both its positive and negative aspects. The chapter concludes with suggestions on how to manage resistance, stress, and change more generally.

16.1 FORCES FOR CHANGE

MAJOR QUESTION

What are the common forces for change at work, and how can knowing them improve my personal effectiveness?

THE BIGGER PICTURE

There are a great many potential forces for organizational change. So that you can understand and manage them more effectively, we organize them into two broad categories—external and internal.

Before we dive into a discussion of the forces for change, we'd like you to assess your own attitudes toward change. Remember that attitudes are tendencies to respond either favorably or unfavorably to a given object or situation. Complete Self-Assessment 16.1 to learn about your own general attitudes toward change. Then use all you learn in this chapter to help you strengthen an already positive attitude or improve one that is not.

connect SELF-ASSESSMENT 16.1

Assessing Your Attitudes toward Change at Work

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 16.1 in Connect.

1. What is your overall attitude? Are you surprised?
2. Think of three examples from school or work that are consistent with your score.
3. Now think of a clearly negative attitude you held toward a particular change. What made this response different from or similar to your general attitudes toward change?
4. Describe two specific ways you can improve your attitudes toward change. (Hint: Draw on what you learned about attitudes.)

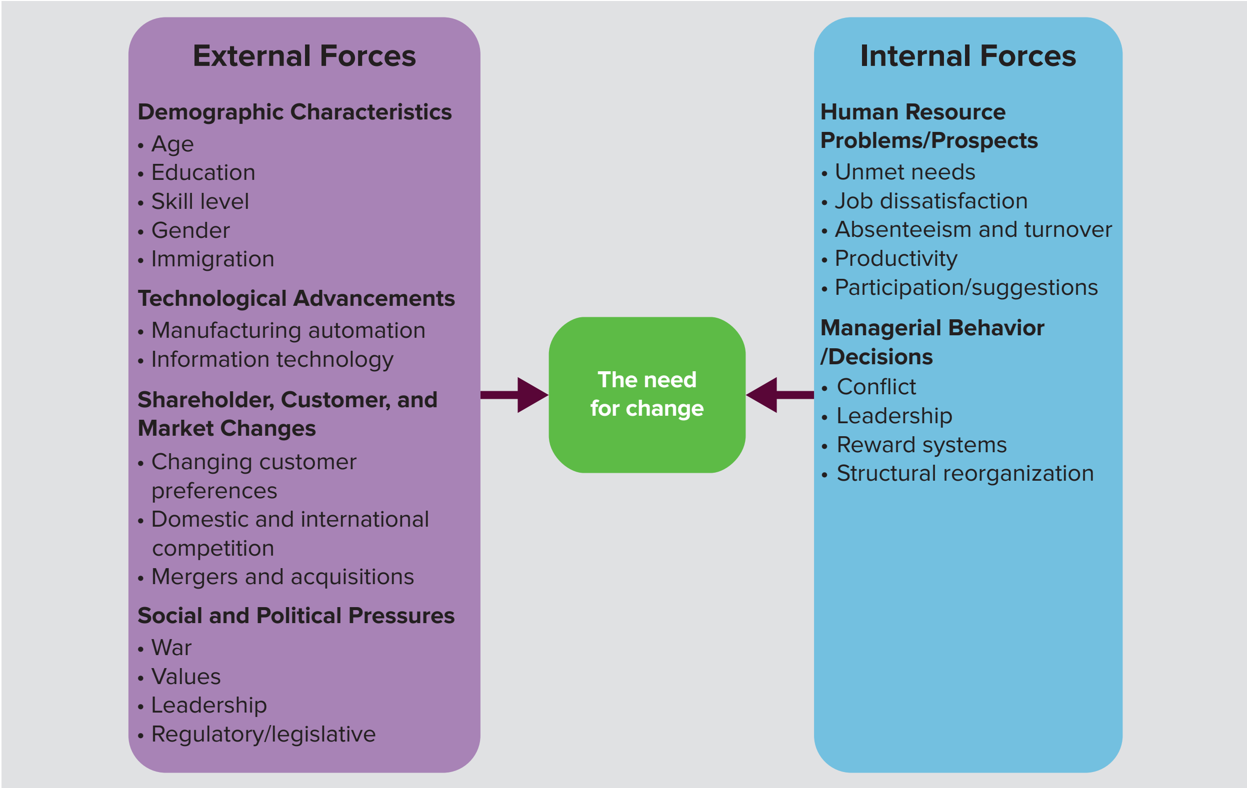
SOURCE: Adapted from V. D. Miller, J. R. Johnson, and J. Grau, "Antecedents and Willingness to Participate in a Planned Organizational Change," *Journal of Applied Communication Research,* 1994, 22: 59–80.

Now that you have a sense of your own attitudes toward change, consider this question about organizations: How do they know when they should change? What cues should they look for? Although there is no certain answer to this question, one way we can read the signs is to monitor the forces for change. We categorize them into external and internal forces to make them easier to understand and remember (see Figure 16.2).

External Forces

External forces for change **originate outside the organization.** They can either present new opportunities for the organization to realize and grow, or they can cause its ultimate demise. The advent of smartphones created an opportunity that Apple seized and

FIGURE 16.2 EXTERNAL AND INTERNAL FORCES FOR CHANGE



converted into a market-dominating platform with the iPhone. This same opportunity caused the downfall of the BlackBerry. Let us now consider the four key external forces for change:

1. Demographic characteristics.
2. Technological advancements.
3. Market changes.
4. Social, political, and regulatory.

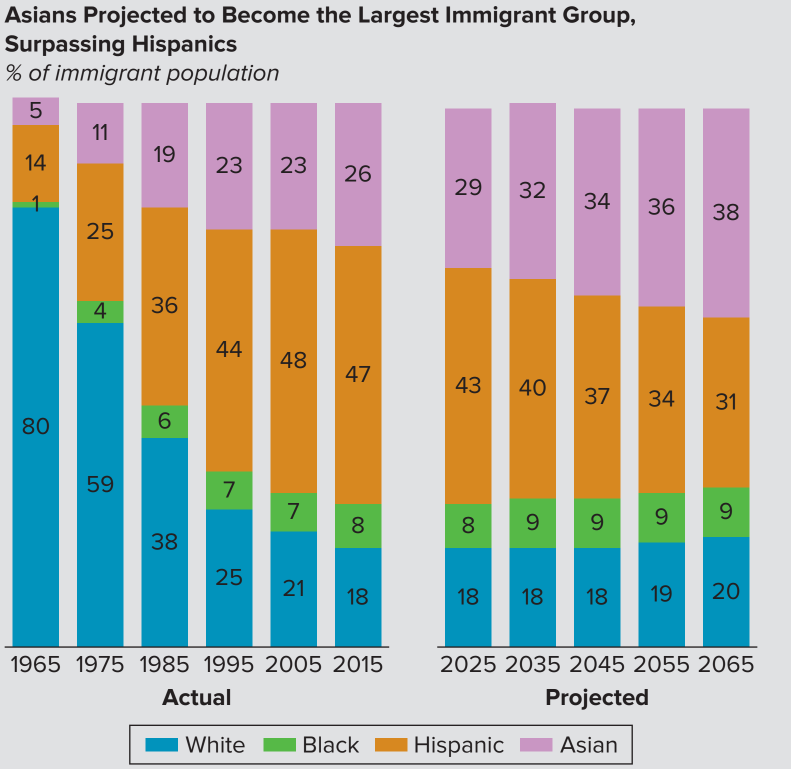
Demographic Characteristics As shown in Figure 16.3, Asians are now the fastest-growing immigrant group in the United States, surpassing Latin Americans (including those from Mexico).[2] Demographic factors like these are motivating organizations to change benefits and aspects of the work environment in order to attract, motivate, and retain diverse employees.

Organizations also are changing the way in which they design and market their products and services and even plan their store layouts based on generational differences. For example, Ken Romanzi, North American chief operating officer for Ocean Spray Cranberries Inc., told a *Wall Street Journal* reporter, "We don't do anything to remind boomers that they are getting older."[3]

Persistently high unemployment levels among young people around the world are creating a strong force for change felt by governments and organizations alike. Many believe much of the current unrest in the Middle East, and to a lesser extent in Europe, is being fueled by a younger population that cannot find meaningful employment opportunities.

Technological Advancements Technology is a common and often cost-effective tool for improving productivity, competitiveness, and customer service. The effect of social media, for instance, cannot be overstated. It has changed every dimension of our

FIGURE 16.3 RACIAL DEMOGRAPHIC TRENDS IN THE UNITED STATES: 1965–2065



Notes: Whites, Blacks and Asians include only single-race non-Hispanics. Asians include Pacific Islanders. Hispanics are of any race. Other races shown but not labeled.

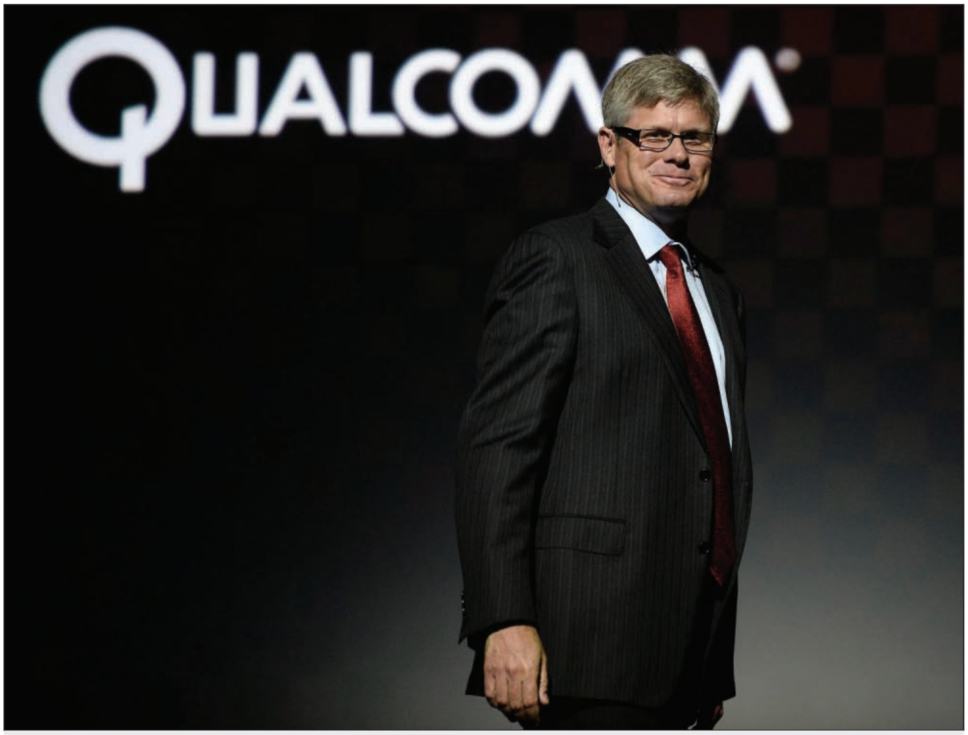
Source: Pew Research Center estimates for 1965–2015 based on adjusted census data; Pew Research Center projections for 2025–2065

lives, including the way we look for and find jobs, recruit talent, and make money facilitating these relationships. A McKinsey Global Survey of CEOs and other senior executives revealed the five most significant digital enterprise trends in business:[4]

1. Digital engagement of customers.
2. Use of big data and advanced analytics.
3. Digital engagement of employees and external partners.
4. Automation.
5. Digital innovation.

Each of these may present job and career opportunities for you. OB will certainly play a central role in the level of success individuals and organizations will have with each trend. Put another way, it is people who design and use such technological tools, interpret the data, and then formulate and apply them effectively. "[D]espite the host of technical challenges in implementing digital [approaches]," McKinsey notes, ". . . success (or failure) of these programs ultimately relies on organization and leadership, rather than technology considerations."[5]

Staples, the office supply retailer, sees technology as key to its survival, and the ability to effectively serve customers via online and mobile channels as its No. 1 challenge. If competitors do it better and do it first the challenge is that much tougher. To meet this challenge, Staples hired as chief information officer Tom Conophy, who had transformed the use of technology at Intercontinental Hotels Group, and as chief digital officer Faisal Masud, who had experience at Groupon, eBay, and Amazon. The two have formed



Steve Mollenkopf has spent a large part of his career at Qualcomm, eventually ascending to CEO. The company is the world's leading supplier of chips for mobile devices and is a leader in 4G/LTE and other such technologies. It both manufactures and licenses its technology. Qualcomm is under constant pressure from customers and competitors in the markets in which it operates. For example, China is where many mobile devices are manufactured, which means it also is a major market for Qualcomm. Therefore, the company is subject to the regulations and pressures of the Chinese government and Chinese competitors.

e-commerce engineering and product teams to create and implement new digital products for the company's consumer and business customers.[6]

Shareholder, Customer, and Market Changes Increased shareholder activism is one of the most significant forces for change public companies have faced in the past several years. Shareholders have pressed organizations to be more efficient, respond to legal lapses, and justify executive compensation packages.

Qualcomm, for instance, the world's leading mobile chipset supplier, was pressured by a major shareholder, JANA Partners, to make significant changes. JANA urged Qualcomm leadership to split into two separate companies, implement major cost cuts, give JANA seats on the board of directors, and rein in executive compensation. Although Qualcomm decided not to split, it gave JANA much of what it asked for: total spending cuts of $1.4 billion including $300 million in compensation cuts, two board seats, and layoffs of up to 15 percent of its employees. Qualcomm's predicament was made worse by the fact that regulators in China, one of its largest markets, fined the company nearly $1 billion for anticompetitive practices. Regulators essentially argued that the company had used its dominant market position to stifle competition and charge inappropriate rates for licensing its technology.[7]

Customers also are increasingly sophisticated and demand that the companies with which they do business deliver higher-value products and services. If they don't get what they want, they shop elsewhere. This challenge has led more companies to seek customer feedback about a wide range of issues in order to attract and retain their business.

"Turning a potential negative situation into visible positive sentiment is social media's biggest potential advantage," writes Lauren McCrea of the Ignite Social Media Agency.[8]

Walmart, for instance, collects feedback from millions of customers to help improve service and merchandising, while UPS takes customer service to another level entirely. It not only includes the names and faces of its customer service representatives on its Facebook page—so you can see the person you're dealing with—but it also provides direct e-mail and phone contact info. Yes, you can contact a person directly![9]

Social and political pressure often cause companies to change their policies, practices, and even products. For instance, pharmaceutical companies have now stopped selling products for use in executions. © Wally Skalij/Los Angeles Times/Getty Images

Social, Political, and Regulatory Social, political, and regulatory forces are created by social and political events. Pfizer Inc. made news when it implemented even tighter controls on its drugs used in lethal injections. As the debate regarding capital punishment intensified over the past several years, Pfizer became the latest among 20 US and European pharmaceutical companies to restrict the distribution of their drugs for such purposes. Pfizer represented the last holdout, and according to Maya Foa, who tracks drug companies for a London-based human rights group, its refusal means "all FDA-approved manufacturers of any potential execution drug have now blocked their sale for this purpose. . . . Executing states must now go underground if they want to get hold of medications for use in lethal injection." Many states are now considering other alternatives besides lethal injection.[10]

Governments can and do apply political pressures to force or block changes. When French pharmaceutical company Sanofi restructured its research and development facilities around the world, it planned to close a lab in Toulouse that was not producing enough new drug discoveries to continue operating. However, the French government intervened and blocked the closing in court. French labor laws allow the government to prevent profitable companies from cutting jobs, particularly in high-tech industries that politicians want to foster. This was challenging for Sanofi, which wanted to consolidate specific operations to particular cities, like early drug research in Boston and infectious diseases in Lyon (another French city).[11]

The ride-sharing service Uber has met formal government resistance in a number of countries, including Australia, Belgium, Germany, and the Philippines. Each of these countries has banned or limited Uber services to some extent, fearing they undermine the existing taxi industry. Taxi drivers' protests have occurred in many cities across the world, including Paris, Milan, and New York.[12]

Internal Forces

Internal forces for change **come from inside the organization.** These forces may be subtle, such as low job satisfaction, or they can manifest in outward signs, such as low productivity, conflict, or strikes. Internal forces for change come from both human resource problems and managerial behavior and decisions.

Human Resource Problems or Prospects Human resource challenges stem from employee perceptions about the way they are treated at work and the match between individual and organization needs and desires. Dissatisfaction is a symptom of unmet needs or mistreatment and most often requires attention from company leadership.

OB in Action

Conflicts and Solutions at iPhone Manufacturers

Nearly all our laptops, televisions, smartphones, and tablets are built by contract manufacturers. Two of the world's largest, in part because they are major manufacturers for the iPhone, are Foxconn and Pegatron. Pressure on workers at these companies has risen with the popularity of the phones. Foxconn, along with many other Apple suppliers, has come under fire in the past few years for abusive working conditions such as mandatory overtime and low wages.

After Foxconn tried to sharply raise production demands for the iPhone 5, workers slowed production to a halt and even had violent clashes with management and inspectors. Tensions over the company's stringent quality standards were intensified when management canceled employees' vacation time during the holidays to meet production goals. Reports surfaced of a growing number of employee suicides at Foxconn and other suppliers. Apple has since taken a more active role in ensuring higher wages and better working conditions at Foxconn and its other contractors.[13]

In the years since Foxconn's well-publicized problems, Pegatron, which employs 50,000 employees at a single iPhone assembly facility outside Shanghai, has limited employees' working hours and overtime. It requires employees to scan ID cards, use face scanners, and go through turnstiles to clock in for work. Then, before employees actually start their tasks, their cards are scanned once again by supervisors at their workstations. All these checks are attempts to comply with stringent new electronics-industry standards by tracking how much employees work, including how close they are to violating overtime restrictions.[14]

YOUR THOUGHTS?

1. What are your thoughts about Pegatron's techniques for managing how much employees work?
2. What are three potential benefits of these practices?
3. What are three potential drawbacks?

It also is common for new executives to "clean house." When new CEOs take charge, they often bring in their own people. About a quarter of chief financial officers (CFOs), for example, are gone within one year of a new chief executive taking the reins. CFOs who have survived such changes in leadership offer three pieces of advice for other executives:

1. *Communicate*. "It's better to err on the side of over communication . . . there's so much [the incoming CEO] needs to learn." Share both job-critical details and information about the culture, people, and customers.
2. *Identify the CEO's strengths and compensate for the weaknesses.* Learn the CEO's knowledge and skill gaps and do what you can to cover them. This will prevent the new executive from being blindsided. Complement his or her skills and knowledge.
3. *Don't be an obstacle or a resister.* Embrace the change. "If you don't believe in the direction the boss is going, and you don't say why, and you sit there and simmer with resentment, that's not a good place to be."[15]

Unusual or high levels of absenteeism and turnover also represent forces for change. To help combat these challenges, leaders and managers of change should encourage employee participation early and throughout the change process.

"After four and a half intense and wonderful years as CEO of Groupon, I've decided that I'd like to spend more time with my family. Just kidding—I was fired today." From a farewell memo to Groupon employees from Andrew Mason, the company's founder and former CEO.[16] © Christoph Soeder/dapd/AP Photo

Managerial Behaviors and Decisions Excessive interpersonal conflict between managers and their subordinates or the board of directors is a sign that change is needed. Andrew Mason, founder and former CEO of Groupon, was fired due to his strategy and the firm's underperformance. Mason had decided to take the firm aggressively into selling goods and not just coupons for discounts with local merchants. These actions, combined with a disappointing international expansion, led the board to conclude that his decisions and direction were not right for the company.

Marissa Mayer was the seventh leader in five years when she took over at Yahoo in 2012. All the previous leaders had been plagued by declining financial performance and low employee morale, and Mayer faced these as well. The board and investors once again clamored for change.[17] It appears that change at Yahoo—in strategy, leadership, or organization—will have to be dramatic if not miraculous if the company hopes to regain its former glory.

The University of Arizona College of Law implemented a change that may shake up the entire industry of law education. The school decided to accept applicants who had taken the Graduate Record Examination (GRE) and not the traditional Law School Admission Test (LSAT). This policy change was motivated by a continuing decline in student enrollments, which has made it more difficult for schools to compete for applicants. According to the dean, Marc Miller, who implemented the change, the law school environment needs to experiment with the admissions process and serve a more diverse pool of applicants. The Law School Admissions Council, which oversees the law school application process, voiced a very stern warning and threatened to expel Arizona from its network. But shortly after, the deans of 150 other law schools signed a letter supporting Miller and Arizona's decision. They argued that "'experimentation benefits all of us,' and said that kicking out Arizona 'is unwarranted under the existing rules and sends a terrible message to law schools about experimentation in the admissions process.'"[18]

Now that you have a sense of the various forces of change, let's explore some of the common forms of change and models used to both understand and manage change more effectively.

16.2 TYPES AND MODELS OF CHANGE

MAJOR QUESTION

How can my organization and I use different approaches to more effectively manage change?

THE BIGGER PICTURE

Researchers and managers alike have tried to identify effective ways to manage the change process, given its importance for organizational survival. This section provides insights into general types of organizational changes, as well as reviews of Lewin's change model, a systems model of change, Kotter's eight steps for leading organizational change, and the organizational development approach. Each serves as an organizational-level tool for managing outcomes across the levels of our Organizing Framework for Understanding and Applying OB.

To manage change effectively, a contingency approach suggests you'd be wise to have a variety of approaches or change management tools and use the one best suited for a particular change. We provide such knowledge and tools in this section. Let's start our discussion by looking at three general types of changes.

Three General Types of Change

A useful high-level way to organize and think about change is in terms of its degree of complexity, cost, and uncertainty and classify it as either adaptive, innovative, or radically innovative (see Figure 16.4).

1. ***Adaptive change*** **reintroduces a familiar practice either in a different unit or in the same unit at a different point in time.** Adaptive changes are the least complex, costly, and uncertain. Allowing the market research group to operate on flextime, after allowing the sales group to do so, is an example of adapting the scheduling practices in one group based on those in another. Adaptive changes are not particularly threatening to employees because they are familiar.

FIGURE 16.4 GENERIC TYPOLOGY OF ORGANIZATIONAL CHANGE

2. ***Innovative change*** **introduces a practice that is new to the organization.** It's midway on the continuum of complexity, cost, and uncertainty. If competitors in your industry utilize social media for recruiting but your company hasn't in the past, doing so qualifies as innovative change. Innovative changes bring more uncertainty and cause more concern than adaptive changes.
3. ***Radically innovative change*** **introduces a practice new to the industry.** At the high end of the continuum of complexity, cost, and uncertainty is radical innovation. The introduction of the sharing economy has been a radical change for many industries, such as transportation (Uber and Lyft) and housing (Airbnb). As each additional industry adopts the shared or peer-to-peer model—I'll lend you what I have for a fee—it accepts radically innovative change. Another example is DogVacay—a host will watch your dog in either your home or the host's, providing a cheaper and more comfortable option than a traditional kennel.

OB in Action

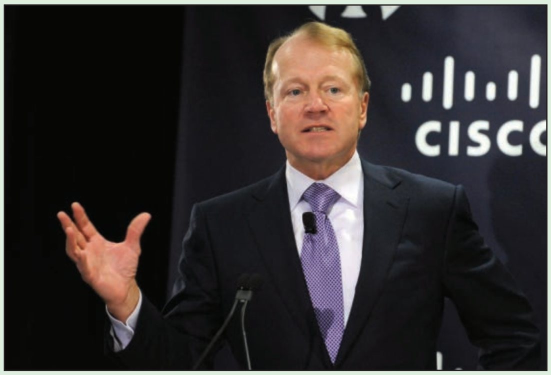
Cisco Thrives on (Radical) Innovation[19]

Under the legendary leadership of John Chambers, Cisco Systems has succeeded by successfully anticipating, capturing, and leading its industry through market changes. Since the 1990s the company's growth and product mix have mirrored the evolution of the Internet, from routers to switches, to mobile, video, cloud computing, and application-centric computing, and now to "the Internet of things." (Cisco actually coined the phrase.) Each one of these changes is innovative if not radical.

The company is always willing to change, and Chambers admits that sometimes it moved too early and other times too late. But to ensure that it wins more often than not, Cisco has adopted a start-up mentality. Chambers says, "When we're confident that the market is going to shift, we have three ways to adapt."

1. **Build it.** If Cisco sees the change early enough, it will invest in people and technology via its internal R&D process. It has also invested externally, in an "entrepreneurs-in-residence program, which provides financial support, mentoring, and collaboration opportunities" for a number of early-stage entrepreneurs working in areas that interest the company. Recent examples include cloud computing and big data analytics.
2. **Buy it.** During Chamber's tenure the company has made more than 170 acquisitions. If an existing company develops a valuable innovation and the market is already moving in that direction, Cisco will often purchase the company. This approach allows Cisco to accelerate the speed of change, since acquisition is faster than developing its own competing offering from scratch.
3. **Spin in.** The opposite of a spin-off is Cisco's "spin-in" approach. This strategy assembles engineers and developers to work on a specific project the company sees as valuable to its future growth, and then it moves these employees to a separate unit with appropriate resources, where they work independently of their previous roles, supervisors, and the company generally. To foster the start-up mentality and enable the company to recruit the needed talent, it pays employees in spin-in units as if they were indeed at a start-up. In a recent project 280 employees worked on a multibillion-dollar business for the future. When the project is complete, they will be brought back into the company, and the product will be folded into Cisco's offerings and be taken to market.

Chambers admits that "disrupting yourself can be really difficult. For instance in 2014 we announced plans to realign 6,500 people, driven by our need to focus on growth areas." Cisco had never engaged in mass layoffs, but Chambers had. Earlier in his career he worked at Wang Computers and witnessed the company's demise, which resulted in all 32,000 employees losing their jobs. When the decision was made to institute cuts at Cisco, he said, "I'd hoped never to do another layoff. . . . But in this case we had to move so quickly that attrition wouldn't have gotten us where we needed to go."[20] By the end of the year the company had hired back about as many employees as it cut, but the new employees had the skill sets needed for the future.



Radical innovation is extreme and difficult. However, during his time as CEO, John Chambers and Cisco Systems epitomized innovation. They were foundational to the infrastructure in the early days of the Internet, and now more recently they are central players in the Internet of things. © Zuma Press, Inc./Alamy

YOUR THOUGHTS?

1. What are your reactions to Chambers' and Cisco's approach to change?
2. Given Cisco's approach to change, what might be the challenges of being an employee there?
3. Likewise, what might be the benefits?

Common Elements of Change

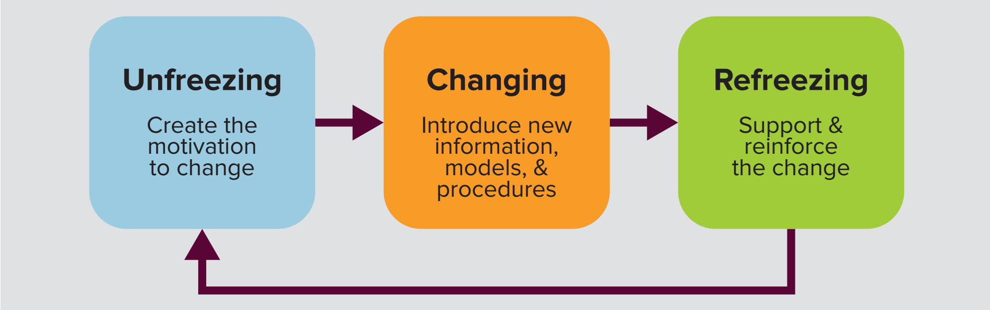
Now that you have a way of describing and classifying types of change, we will explore several models to help you understand and manage change more effectively. But first, here are some key assumptions underlying many models of change:[21]

1. **Learn *and* unlearn.** The change process consists of learning something new as well as discontinuing or unlearning current attitudes, behaviors, or organizational practices.
2. **Motivate or fail.** Change will not occur unless there is motivation. Motivating others is often the most difficult part of the change process.
3. **People make or break it.** People are the key to all organizational changes, whether in structure, group processes, reward systems, job design, or strategy. Organizations don't change if employee behaviors don't change.
4. **Even winners resist.** Resistance to change is found even when the goals of change are highly desirable.
5. **Reinforce to sustain.** Effective change requires reinforcing new behaviors, attitudes, organizational practices, and cultures.

Lewin's Change Model

Most models of organizational change originated from the landmark work of social psychologist Kurt Lewin. Lewin developed a three-stage model of planned change that explained how to initiate, manage, and stabilize the change process.[22] The three stages are *unfreezing*, *changing*, and *refreezing* (see Figure 16.5).

FIGURE 16.5 LEWIN MODEL OF CHANGE



Unfreezing The focus of the unfreezing stage is to create the motivation to change. The most common, but not necessarily the most effective, way of communicating a convincing reason to change is to demonstrate that current practices are less than ideal. Data related to employee or customer satisfaction or showing market share gains made by competitors is often used. The process of unfreezing, moving, and refreezing occurred at Facebook.

OB in Action

Unfreezing at Facebook

In 2012, when Facebook went public, the company had fewer than two dozen engineers working on mobile applications. It was almost entirely focused on users accessing Facebook on desktop computers. (It's hard to believe that was just a few short years ago.) The fact that it now has hundreds of engineers working on mobile is a strong signal that mobile apps are at the center of the company's strategy. To accomplish this, Facebook "unfroze" from the desktop, changed to mobile, and now has refrozen and solidified its new focus.[23]

To unfreeze the organization, CEO Mark Zuckerberg and others shared growing criticisms that Facebook's iPhone app didn't function well—it was slow and frequently crashed. Meanwhile other companies were gaining enormous popularity in the mobile space. Facebook needed to change to compete and thrive. This led Mike Shaver, the company's director of engineering, to say, "If we are going to be a mobile company at scale, we needed to do something qualitatively different . . . we needed a nuclear option."[24]

The nuclear option worked! Since it refocused its resources, Facebook has been earning the vast majority of its business from mobile apps. In early 2016 it earned more than $3 in revenue per user, compared to just over $1 in early 2013. And its mobile advertising now accounts for 80 percent of the company's advertising revenue (over $5 billion per quarter). If that isn't enough, some experts project that Facebook will receive a whopping 31 percent of US advertisers' display ad dollars in 2016. Second-place Google is projected to get 14 percent.[25]

YOUR THOUGHTS?

1. Considering Facebook was already a dominant, high-flying company, what do you think were the biggest obstacles to unfreezing its desktop focus?
2. If you were Zuckerberg, how might you have tried to convince employees that this change was necessary?
3. What challenges do you think were likely in refreezing the mobile strategy?

Changing Changing is where the rubber meets the road. Because change calls for learning and doing things differently, this stage entails providing employees with new information, new behavioral models, new processes or procedures, new equipment, new technology, or new ways of getting the job done.

How does management know what to change? There is no simple answer to this question. Organizational change can be aimed at improvement or growth, or it can focus on solving a problem such as poor customer service or low productivity. Change also can be targeted at different levels in an organization. The point to keep in mind is that change should be targeted at some type of desired end result. The Organizing Framework for Understanding and Applying OB is a good tool to use for identifying particular targets or purposes for change.

Refreezing The goal of refreezing is to support and reinforce the change. Managers support change by helping employees integrate the new behavior or attitude into their accustomed way of doing things. They can first give employees a chance to exhibit the new behaviors or attitudes. Once this happens, positive reinforcement can encourage the desired change. More specifically, continuous reinforcement with extrinsic rewards (recognition, feedback, bonuses) is useful early in the change process. This helps establish clear links between the desired new behaviors and the reinforcing reward or recognition. And don't forget role modeling. Walking the talk of change is arguably the most powerful way to get others to follow.

A Systems Model of Change

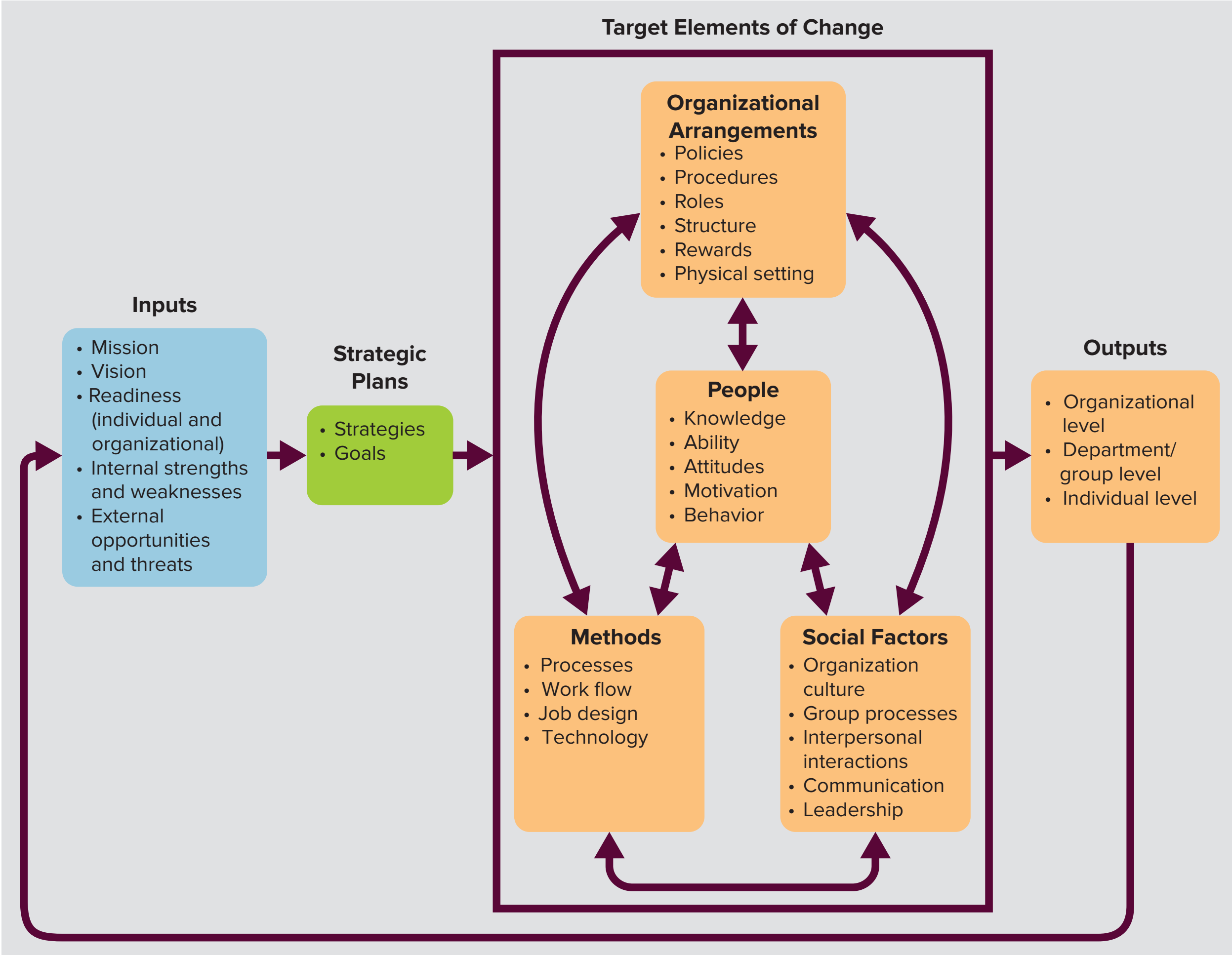
The systems approach to change is based on the notion that any change, no matter how large or how small, has ripple effects. Promoting an individual to a new work group affects group dynamics in both the old and new groups. Creating project or work teams may necessitate revamping compensation practices. These examples illustrate that *change creates additional change*.

A systems model of change is similar to the systems framework used in the Organizing Framework. However, it is a bit more complex, as shown in Figure 16.6. This systems model of change includes inputs, strategic plans, target elements of change, and outputs. It is a very practical approach that can diagnose *what* to change and *how* to evaluate the success of a change effort. Let's explore its individual components.

Inputs The starting point for organizational change should be asking and answering the question: "Why change?" Leaders need to be clear about the overarching motive or reason for change. The elements in the inputs box in Figure 16.6 can help answer this question. For instance, it is wise to ensure that the intended changes align with the organization's mission, vision, and resulting strategic plan.[26]

TOMS was first and is still best known for giving away one pair of shoes for each pair it sells. But founder Blake Mycoskie has used his mission of helping others to transform the company. Shoes were simply a vehicle with which to begin. TOMS now uses the same inspiration to provide eye care, clean drinking water, safe births, and kindness (via anti-bullying efforts). Many of these efforts are supported by sales of shoes and more recently coffee. The results are nothing less than phenomenal: TOMS has donated 50 million pairs of shoes, 250,000 weeks' supply of safe water, and 360,000 pairs of glasses or medical treatments to restore sight. Mycoskie attributes the company's success to its having a compelling "why." That is the source of inspiration for him, employees, and customers.[27]

FIGURE 16.6 SYSTEMS MODEL OF CHANGE



SOURCE: Adapted from D. R. Fuqua and D. J. Kurpius, "Conceptual Models in Organizational Consultation," *Journal of Counseling and Development,* July–August 1993, 602–618; and D. A. Nadler and M. L. Tushman, "Organizational Frame Bending: Principles for Managing Reorientation," *Academy of Management Executive,* August 1989, 194–203.

Mission statements **express the reason an organization exists.** Some examples of clear and effective mission statements follow:

- Instagram, the photo-sharing service—"To capture and share the world's moments."[28]
- Southwest Airlines—"Dedication to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and company spirit."[29]
- Charles Schwab—"To empower individual investors to take control of their financial lives, free from the high costs and conflicts of traditional brokerage firms."[30]
- Interface—"To be the first company that, by its deeds, shows the entire industrial world what sustainability is in all its dimensions: People, process, product, place and profits—by 2020—and in doing so we will become restorative through the power of influence."[31]

All well and good, you say, but how does an organization create an effective mission? Sally Jewell, former CEO of REI, the outdoor clothing and equipment retailer, describes how she and her team of 150 leaders went about formulating a mission for the company. The details are in the Applying OB box.

Another input in the systems model of change is ***vision,*** **a compelling future state for an organization** and an important input in the systems model of change. Missions typically imply little or nothing about change and instead simply define the organization's overall purpose. Effective visions, in contrast, describe a highly desirable future and outline how the

Applying OB

How to Formulate a Meaningful Mission Statement

Missions are big-picture, long term, and existential. These qualities mean they are often quite general. But they cannot be too general, because that would make them abstract and meaningless. Sally Jewell, when CEO of outdoor clothing and adventure retailer REI, followed a very useful and repeatable process when refining the company's mission. She began by assembling a representative team of leaders. It's best to be inclusive rather than exclusive here, because engaging people in the process helps ensure that their interests are reflected in the mission and that they will be more likely to "live it." Then she asked team members:

1. Why does our organization exist? Ask this question three to five times to get a deeper, richer view.
2. What would happen if our organization went away?
3. Why do I devote my creative energies to this organization?
4. Compile and consolidate the answers to these questions.[32]

This process resulted in REI's mission statement: "To inspire, educate, and outfit for a lifetime of outdoor adventure and stewardship."

Sally Jewell knows how to create and realize effective missions. She did this previously at REI and now as the US Secretary of the Interior. As CEO of REI she led a company long known to epitomize sustainability, and as Secretary of the Interior she helped shape the country's policy related to energy, climate, and sustainability. © Sait Serkan Gurbuz/AP Photo

organization will get there, such as which markets, services, products, and people will be active, and how all these elements align with the organization's values. Interface Inc., a world leader in sustainability and commercial interiors, captures all these and more in its vision:

> Interface will become the first name in commercial and institutional interiors worldwide through its commitment to **people, process, product, place, and profits.** We will strive to create an organization wherein all people are accorded unconditional respect and dignity; one that allows each person to continuously learn and develop. We will focus on product (which includes service) through constant emphasis on process quality and engineering, which we will combine with careful attention to our customers' needs so as always to deliver superior value to our customers, thereby maximizing all stakeholders' satisfaction. We will honor the places where we do business by endeavoring to become the first name in industrial ecology, a corporation that cherishes nature and restores the environment. Interface will lead by example and validate by results, including profits, leaving the world a better place than when we began, and we will be restorative through the power of our influence in the world.[33]

***Readiness for change* is the strength of our beliefs and attitudes about the extent to which changes are needed, and our capacity to successfully implement them.** Readiness can be an individual or an organization-level input.[34] Put another way, effective change at work requires that both the employees and the employer have high readiness, that they be willing and able to change. Readiness has four components:

1. Necessity for change.
2. Top-management support for change efforts.
3. Personal ability to cope with changes.
4. Perceived personal consequences of change.

The first two pertain to an organization's readiness and the last two your readiness. Self-Assessment 16.2 will help you gauge your own readiness for change. You can also use it to measure the readiness of an organization to which you belong.

connect SELF-ASSESSMENT 16.2

What Is Your Readiness for Change?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 16.2 in Connect.

1. Focusing on your personal readiness, which component is higher?
2. Describe how you think this affects how you deal with this change? Think of how it affects you and your interactions with coworkers.
3. Of the two organizational readiness components, which is the lowest?
4. How do you think this result will affect the success of the particular change? Be specific.
5. Given what the readiness measure tells you, what do you recommend to improve your and your organization's readiness?

Strategic Plans A strategic plan outlines an organization's long-term direction and the actions necessary to achieve planned results. Among other tools, strategic plans can use SWOT analysis, which identifies strengths, weaknesses, opportunities, and threats. In the process model of change, SWOT analysis provides input by helping managers develop an organizational strategy for reaching their desired change goals, such as higher profits, customer satisfaction, quality, or return on investment, or acceptable levels of turnover and employee satisfaction.

Target Elements of Change Target elements of change are the components of an organization that can be changed. In the systems model of change they essentially represent levers managers can push and pull to influence various aspects of an organization. The target elements of change can also help diagnose problems and identify change-related solutions. As shown in Figure 16.6, there are four elements:

1. Organizational arrangements
2. Social factors
3. Methods
4. People

Each target element of change contains a subset of more detailed organizational features, all of which are OB topics discussed in this book and included in the Organizing Framework.

There are two final issues to keep in mind about the target elements. First, the double-headed arrows in the figure convey the message that change ripples across an organization. For example, changing a reward system to reinforce team rather than individual performance (an organizational arrangement) is likely to change organizational culture (a social factor). Second, the "people" component is at the center of the target elements of change box because all organizational change ultimately affects employees—and vice versa. Organizational change is more likely to succeed when managers proactively consider the impact of change on employees.

Outputs Outputs, the final piece of the process model of change, are the desired end results or goals of change. Once again, these end results should be consistent with an organization's strategic plan. Figure 16.6 indicates that change can be directed at the individual, group, or organizational level. Change efforts are more complicated and challenging to manage when targeted at the organizational level. The reason is that organizational-level changes are more likely to affect more than one of the target elements of change shown in the model.

Now that you've learned the details of the systems approach to change, we shift our focus to one of the most popular approaches to organizational change since the 1990s—Kotter's eight stages.

Kotter's Eight-Stage Organizational Change Process

John Kotter, a world-renowned expert in leadership and change management, believes organizational change most often fails not because of inadequate planning but because of ineffective implementation. To help overcome this flaw, he proposed an eight-stage process for leading change (see Table 16.1). This approach differs from the systems model in that it does not help diagnose the need for change or the targets of change. It is somewhat like Lewin's model, however, in that it guides managers through a sequential process. For instance, you could map Kotter's first four stages onto Lewin's "unfreezing," stages 5, 6, and 7 onto "changing," and stage 8 onto "refreezing."

The value of Kotter's approach is its recommendations about specific behaviors and activities. Notice that vision and strategy are central components, as they are in the systems model. But Kotter insists the stages need to be followed in sequence and none can be skipped. It therefore requires a tremendous commitment of time, money, and people to implement Kotter's eight stages. That makes this approach very challenging for organizations, and particularly for individuals, to implement. Its hurdles, however, are partially overcome by our final approach to change—organizational development (OD).

Creating Change through Organizational Development (OD)

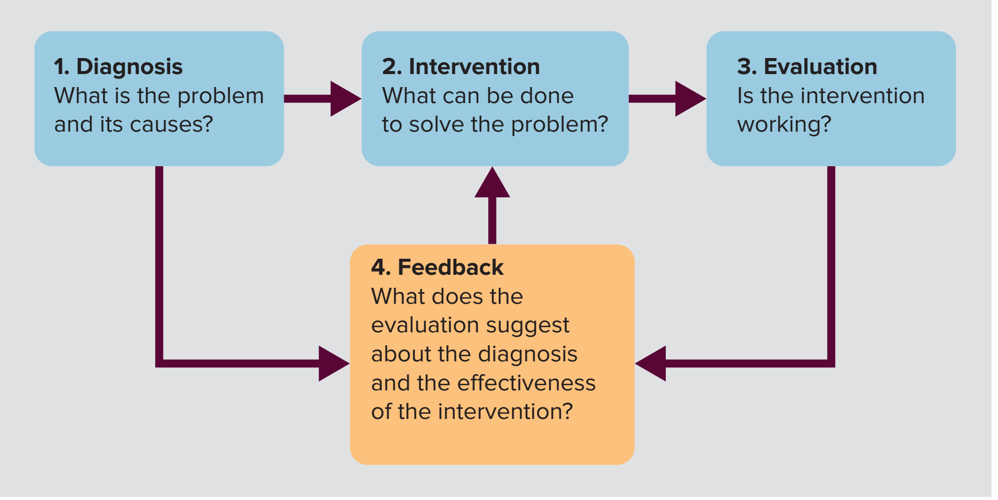
One way to think of organizational development (OD) is to approach the organization as if it were a sick patient: "Diagnose" its ills, prescribe and implement an "intervention,"

TABLE 16.1 EIGHT STAGES TO LEADING ORGANIZATIONAL CHANGE

Step	Description
1. Establish a sense of urgency.	Unfreeze the organization using a compelling reason why change is needed.
2. Create the guiding coalition.	Create a team with appropriate knowledge and enough power to lead change.
3. Develop a vision and strategy.	Create a vision to inspire and a strategic plan to guide the change process.
4. Communicate the change vision.	Implement a communication strategy and "overcommunicate" the new vision and strategic plan.
5. Empower broad-based action.	Eliminate obstacles (processes and people) and encourage risk taking and creative problem solving.
6. Generate short-term wins.	Plan for and create short-term "wins" or improvements. Recognize and reward people who contribute to the wins.
7. Consolidate gains and produce more change.	Allow guiding coalition to use credibility from short-term wins to create more change. Additional people are brought into the change process as change cascades throughout the organization. Attempts are made to energize the change process.
8. Anchor new approaches in the culture.	Reinforce the changes by highlighting connections between new behaviors and processes and organizational success. Embed these in performance management and other processes—hiring, promotion, and leadership development and succession.

SOURCE: J. P. Kotter, *Leading Change* (Boston: Harvard Business School Press, 1996).

FIGURE 16.7 ORGANIZATIONAL DEVELOPMENT PROCESSES



SOURCE: Adapted from W. L. French and C. H. Bell Jr., *Organization Development: Behavioral Interventions for Organizational Improvement* (Englewood Cliffs, NJ: Prentice Hall, 1978).

and "evaluate" progress or effectiveness. If the evaluation reveals that positive change has not occurred, this information provides feedback you can use to refine the diagnosis or consider the extent to which the intervention was effectively implemented or appropriate in the first place (see Figure 16.7).

Let's improve your understanding by exploring each of these components in a bit more detail.

1. ***Diagnosis:*** *What is the problem and its causes?* Many means can be used to answer this question: interviews, surveys, meetings, written materials, and direct observation. We recommend the 3-Step Problem-Solving Approach and the Organizing Framework to help. The target elements in the systems model of change can also be useful. For example, you might ask, "To what extent does the structure or the reward system contribute to the problem?"
2. ***Intervention:*** *What can be done to solve the problem?* The treatment or intervention represents the changes being made to solve the problem. They are based on the causes. For example, if the cause of low-quality service is poor teamwork, team building might be a useful intervention. No one intervention technique applies to all situations—the best solution depends on the situation.
3. ***Evaluation:*** *Is the intervention working?* Evaluation requires measurement, and the measures must match the problem. If the problem is job performance, you are highly unlikely to properly evaluate teamwork or quality of service if you measure only sales volume. The final evaluation should also compare measures of effectiveness obtained before and after the intervention.
4. ***Feedback:*** *What does the evaluation suggest about the diagnosis and the effectiveness of the intervention?* If the evaluation reveals that the intervention worked, then the OD process is complete and you can consider how best to "refreeze" the changes. However, a negative evaluation means one of two things: either (1) the initial diagnosis was wrong, or (2) the intervention was inappropriate or not implemented effectively. Negative evaluations generally require you to collect more information about steps 1 and 2 in the OD process shown in Figure 16.7.

OD has been shown to positively influence a number of outcomes in the Organizing Framework, such as increased employee satisfaction, when management was committed to the change process.[35] And interventions using more than one OD technique were more effective in changing job attitudes and work attitudes than interventions that relied on only one human process or structural approach.[36]

16.3 UNDERSTANDING RESISTANCE TO CHANGE

MAJOR QUESTION

Why do people resist change and what can I do about it?

THE BIGGER PICTURE

You can't think about change without also thinking about resistance. If you are going to effectively manage change you need to understand and manage resistance. Your ability to do this is fundamental to your effectiveness in managing this important organizational-level process and its many related outcomes in the Organizing Framework for Understanding and Applying OB.

Resistance to change **is any thought, emotion, or behavior that does not align with actual or potential changes to existing routines.** People can resist both actual and imagined events, and both individuals and groups can resist. If you think about change in terms of influence, you can assume people will either comply, commit, or resist. This perspective leads many people to conclude that resistance to change represents a failed influence attempt. And while resistance can indeed spell failure, we are going to challenge this assumption and approach resistance in a different and more useful way, to help you gain more compliance and commitment to change.

To better understand the nature of resistance to change, you can learn about the level of your own dispositional resistance to change by completing Self-Assessment 16.3. Knowing this about yourself will help you manage your own tendencies and better recognize them in others. Both insights will make you more successful with organizational change throughout your career.

connect SELF-ASSESSMENT 16.3

Assessing Your Resistance to Change

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 16.3 in Connect.

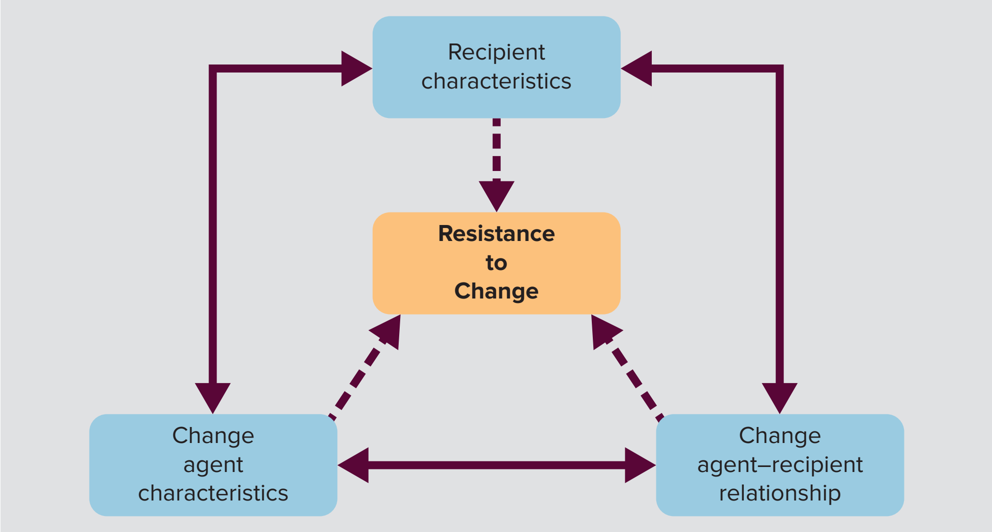
1. Which of the four components is highest?
2. Given your answer to question 1, what are the potential implications if your manager changes?
3. Describe two things you can do to help reduce the negative impact of your attribute with the lowest score.
4. Describe two things you can do to help reduce the negative impact of your attribute with the second-lowest score.

SOURCE: Adapted with permission from S. Oreg, "Resistance to Change: Developing an Individual Differences Measure," *Journal of Applied Psychology* 88, no. 4, 682.

A Dynamic View of Resistance

Many managers of change see resistance as employees pursuing their own interests, if not also actively undermining the interests of the manager or larger organization. In this perspective the cause of resistance resides solely with the individual employee, a narrow

FIGURE 16.8 DYNAMIC MODEL OF RESISTANCE TO CHANGE AND ITS CAUSES



view of resistance. In contrast, some of the most widely recognized change experts argue that resistance does not reside within the individual but instead is a result of the context in which change occurs.[37] Resistance is caused by an interaction between change recipients, change agents, and the relationships between the two. This is a more complex, dynamic, and systems approach to resistance. When viewed in this way, resistance is a dynamic form of feedback, as illustrated in Figure 16.8.

Causes of Resistance to Change

Figure 16.8 presents a model of resistance characterized by a dynamic interaction among three causes, rather than being caused solely by irrational and stubborn recipients of change. For example, recipients resist partly based on their perceptions of change, which are very much influenced by the attitudes and behaviors exhibited by change agents and the level of trust in the relationship between change agents and recipients. Similarly, change agents' actions and perceptions are affected by the recipients' actions and inactions and the quality of relationships with recipients. Let's consider each cause of resistance.

Recipient Characteristics Recipient characteristics include perceptions and a variety of individual differences that help explain actions (engaging in new behaviors) and inactions (failing to engage in new behaviors). Six of the most common recipient characteristics are:[38]

1. ***Dispositional resistance to change.*** Individuals with high ***dispositional resistance to change,*** **a stable personality trait, are "less likely to voluntarily initiate changes and more likely to form negative attitudes toward the changes [they] encounter."**[39]
2. ***Surprise and fear of the unknown.*** When innovative or radically different changes are introduced without warning, affected employees often become fearful of the implications. The same is true when managers announce new goals without explaining specifically how the goals will be achieved. Imagine how you would feel if your boss said your department was going to increase sales by 25 percent without hiring any new employees. Managers' failure to set expectations around a change effort or a new goal is a key contributor to resistance.[40]

3. ***Fear of failure.*** Many changes cause employees to doubt their capabilities. Self-doubt erodes self-confidence and performance, and it also impedes personal growth and development.
4. ***Loss of status and/or job security.*** Administrative and technological changes that threaten to alter power bases or eliminate jobs generally trigger strong resistance. For example, corporate restructuring usually eliminates managerial jobs. We should not be surprised when middle managers resist restructuring and other programs, such as empowerment, that reduce their authority and status.
5. ***Peer pressure.*** Someone who is not directly affected by a change may actively resist it to protect the interests of friends and coworkers.
6. ***Past success.*** Success can breed complacency. It also can foster a stubbornness to change because people come to believe that what worked in the past will work in the future.

Change Agent Characteristics **A *change agent* is someone who is a catalyst in helping organizations deal with old problems in new ways.** Change agents can be external consultants or internal employees, and their characteristics can include actions or inactions. For example, a change agent who fails to communicate with employees or is perceived as instituting unfair policies is likely to create resistance from recipients. Another contributing factor is the change agent's perception of the reason employees behave the way they do in the face of organizational change. A change agent might interpret employees' questions as a form of resistance when in fact they are honest attempts to clarify the change process.

The role of change agent can be extremely important. We therefore want you, and other change agents, to avoid some common mistakes. Table 16.2 outlines five. Enhance your own effectiveness by becoming aware of and avoiding these pitfalls.

Change Agent–Recipient Relationship In general, resistance is reduced when change agents and recipients have a positive, trusting relationship. Trust consists of

TABLE 16.2 COMMON PITFALLS EFFECTIVE CHANGE AGENTS SHOULD AVOID

Decisions that disrupt cultural traditions or group relationships. Whenever individuals are transferred, promoted, or reassigned, cultural and group dynamics are often thrown into disequilibrium. Resistance increases because of the uncertainty associated with dealing with new team members and their expectations.
Personality conflicts. Change agents who display narcissism, excessive ego, lack of fairness, or any of the traits of bad leaders are likely to engender resistance from recipients.
Lack of tact or poor timing. Undue resistance can occur because change agents introduce change in an insensitive manner or at an awkward time. They should not only "sell" the benefits of the change but also explain why it is strategically important to the organization's success and must occur at a particular point in time.
Poor leadership style. Research shows that people are less likely to resist change when the change agent uses transformational leadership and makes the change about the organization and the employees, rather than about the leader him- or herself.[41]
Failing to legitimize change. Active, honest communication and aligned reward systems help recipients understand and believe in the value of changes. Change agents must also explain how change will lead to positive personal and organizational benefits. They need a clear understanding about how recipients' jobs will change and how they will be rewarded.[42] For example, an employee is unlikely to support a change effort he or she perceives as requiring more work and more pressure without a commensurate increase in pay.

mutual faith in others' intentions and behavior. Mutual mistrust can doom to failure an otherwise well-conceived change.[43] Managers who trust their employees make the change process an open, honest, and participative affair. Employees who trust management in turn are more willing to expend extra effort and take chances with something different. In support of this conclusion, a study of employees from the oil and banking industries showed that a high-quality relationship between managers and direct reports was associated with less resistance to change.[44]

All that said, the following OB in Action box provides a very different means of dealing with resistance by the general manager of the NFL's Carolina Panthers.

OB in Action

Should a New Leader Clean House?[45]

A Different Approach Dave Gettleman had been part of six Super Bowl teams earlier in his career. When he was named general manager of the Carolina Panthers of the National Football League (NFL) in 2013, he took a very different path than most new professional sports executives. He didn't fire any of the existing coaching staff.

His reasoning was that If you fire the head coach, for example, how long does it take to bring the new coach up to speed? It could be many months, so Gettleman prefers to work with what and who he has.

Why Fire the Existing Team? It certainly is common practice, and some say common sense, to fire the old team. They are likely to resist your new ideas and new ways. They have made their living doing things in a particular way, and they may very likely continue to do things in that way. Business history is littered with examples of executives who came in and couldn't turn existing employees to a new path.

However, Gettleman's approach seems to have worked. The Panthers made the playoffs three years in a row, including playing in the Super Bowl in 2016.[46]

Dave Gettleman took a different path to success than most new general managers. Instead of replacing the existing coaching and administrative staff with his own people when he took over at the Carolina Panthers, he kept and worked with those already there.

© Darron Cummings/AP Photo

YOUR THOUGHTS?

1. Assume you are taking over as a new executive in a company that is underperforming. Provide three reasons you would not fire the existing leadership team.
2. Provide three reasons you would fire the existing leadership team.
3. If you were a change recipient, which strategy would have the greatest impact on you?

16.4 THE GOOD AND THE BAD OF STRESS

MAJOR QUESTION

How does stress increase or reduce my effectiveness?

THE BIGGER PICTURE

This section addresses an outcome associated with most every change—stress. As you know, change can be desirable or undesirable for you, but both results can be stressful. Realizing this helps you understand and realize the benefits and reduce the costs of stress, which makes you better equipped to effectively manage not only change, but also many other outcomes across levels of the Organizing Framework. To help your efforts, we will define stress, and introduce a model that helps explore the components of the stress process that improve your personal effectiveness.

The National Institute for Occupational Safety and Health (NIOSH) defines ***job stress*** **"as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker."**[47] This definition clearly implies that stress can mean very different things to different people. It also clearly describes stress as an interaction between person and situation factors, just as illustrated in the Organizing Framework you've applied throughout this book. It therefore is helpful to think of both types of factors as potential causes and remedies for stress. But before we explain this relationship in more detail, we must recognize that not all stress is bad.

Stress—Good and Bad

Think of stress that generates positive emotions, like excitement instead of anxiety. This type of stress can motivate you to prepare and deliver a better presentation at school or work. Positive stress also adds to the fun of a first date or causes you to make the game-winning shot. We call **stress that is associated with positive emotions and outcomes *eustress*.** In contrast, however, stress can indeed be detrimental.

> Our work can literally make us sick. Long hours, impossible demands from bosses, and uncertain job security can take their toll on our mental and physical well-being, leading to stress-induced aches and pains and anxiety. In extreme cases, the consequences can be worse—heart disease, high blood pressure, alcoholism, mental illness.[48]

Some studies estimate that job stress costs the US economy more than $190 billion per year.[49] These points make it clear that stress is inevitable, which means your efforts need to be directed at managing stress, not at escaping it altogether.

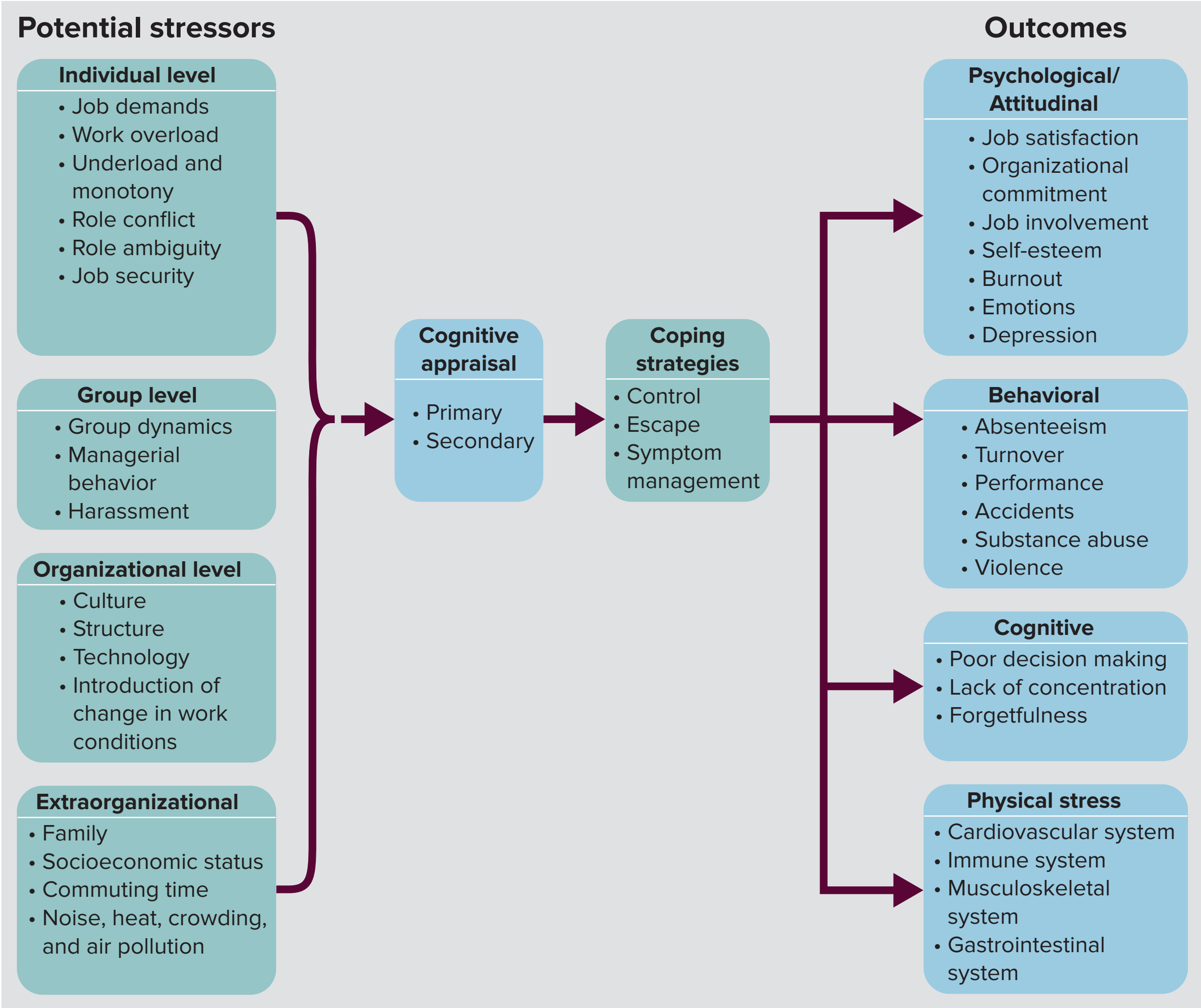
A Model of Occupational Stress

Figure 16.9 presents a comprehensive model of occupational stress. It comes from psychology and health research and practice, and it can help you understand and manage your own stress more effectively.

Potential Stressors The model begins with four potential types of ***stressors,*** **which are factors that produce stress.** The four types are:

1. **Individual level.** Job demands are the most common individual-level stressors, but work overload, unclear or conflicting expectations, everyday hassles, perceived lack

FIGURE 16.9 MODEL OF OCCUPATIONAL STRESS



of control over events occurring in the work environment, and job characteristics can also be problematic.[50] One of the heaviest stressors is job loss, which negatively affects every aspect of people's lives—financial, professional, health, and interpersonal relationships. If you lack opportunities for advancement, fear being laid off, or work at a job that is not in your desired career path, you too are likely to be stressed.

2. **Group level.** Bad managers create stress for employees by (1) exhibiting inconsistent behaviors, (2) failing to provide support, (3) showing lack of concern, (4) giving inadequate direction, (5) creating a high-productivity environment, and (6) focusing on negatives while ignoring good performance. Sexual harassment experiences and bullying represent other group-level stressors. And let's not forget annoying coworkers, one of the most common if not the most problematic sources of group-level stress.[51]
3. **Organizational level.** Organizational culture also can be a stressor. For instance, a high-pressure environment that fuels employee fear about performing up to standard can increase the stress response. Many of the most notable firms on Wall Street, as illustrated in the OB in Action box, have come under fire for their intense, pressure-cooker cultures.
4. **Extra-organizational.** Extra-organizational stressors originate outside the organization. For instance, conflicts associated with balancing school with career or family life are stressful. Socioeconomic status—a combination of relative income, education, and occupation—is another extra-organizational stressor. Stress is higher for people with lower socioeconomic status.[52]

OB in Action

Terminal Stress on Wall Street

In *The Wolf of Wall Street,* Leonardo DiCaprio's depiction of the extremes and excesses of life in the financial industry made for good and even funny entertainment. However, the real-life pressures and stress for those who actually work in such environments are often far less humorous and glamorous.

Wall Street is the center of the financial universe. Many employees will go to great extremes to set themselves apart. As Kevin Roose, author of *Young Money,* a book about young Wall Street bankers, put it: "You can't really stand out because most of what you're doing does not require original thinking. So the only way you can distinguish yourself is by sheer endurance. Gluttons for punishment are rewarded on Wall Street, especially at the young levels."[53]

Historically, it has been common for junior employees to work without a day off for weeks on end, including pulling regular all-nighters and the occasional 72-hour stretch. Extreme hours and intense stress are a badge of honor for many, identifying those who are willing and able to take the most.

This stressful situation is starting to change, however; due in part to a series of suicides. While there can be many causes for suicide, many observers are convinced that a major contributor to those at Wall Street firms was the intense and all-consuming job stress. Many firms have created new policies to temper their stress-laden cultures.

- Goldman Sachs tells summer interns to leave the office by midnight each day. No all-nighters. Full-time junior bankers are to stay out of the office between 9 pm on Friday and 9 am on Sunday, unless granted an exception.
- Barclays limits analysts to working no more than 12 days in a row.
- JPMorgan Chase gives its analysts the option to take a protected weekend (no work on Saturday or Sunday) each month.
- Bank of America is trying to ensure that employees take off at least four weekend days a month.

More generally, research has shown that companies that develop and foster a culture of health and safety outperform both their direct competitors and the overall market. This suggests that health and safety can be a source of competitive advantage in the marketplace.[54]

YOUR THOUGHTS?

1. What are your reactions to the earlier Wall Street culture—the one of who can endure the most wins? What about the emerging new culture?
2. Describe what you think are some of the challenges in implementing stress-reducing practices in these firms.
3. Assume you are a CEO on Wall Street. What are your concerns about implementing stress-reducing practices?

Fighting Fatigue Recent research by the Centers for Disease Control and Prevention shows that nearly a third of US adults (approximately 84 million people) don't get the recommended seven to eight hours of sleep per night.[55] Fifty-four percent of workers in another study said work stress interferes with their sleep, either frequently or almost always![56] Still other research translates fatigue into lost productivity costing about $160 billion per year,[57] or 10 times more than absenteeism.[58]

All employees are tired sometimes, and too many are seemingly tired often or always. Although this obviously affects productivity to varying degrees depending on the person and the job, sometimes fatigue is dangerous if not catastrophic or even deadly. Just imagine the potential consequences for tired boat captains, pilots, bus drivers, or surgeons! If individuals doing these jobs aren't overly concerned, certainly their employers and customers would and should be.

SOURCE: U.S. Navy photo by Mass Communication Specialist 2nd Class Josue L. Escobosa/Released

Fatigue also is linked to increases in ***presenteeism,*** **which occurs when employees show up but are sick or in no condition to work productively.**[59] A number of fatal bus and train accidents occur every year, and some proportion of these are ultimately attributed to driver error and sleep deprivation. And 30 percent of bridge officers (navigators) from offshore companies operating in the North Sea said they had insufficient sleep and rest most days when out at sea. Along with job pressures, lack of sleep was the primary cause of their work stress.[60]

You and your employer can do a number of things to fight fatigue and its negative effects.

1. **Staffing.** Maintain adequate staffing to cover the workload. This is especially necessary for companies that have downsized, because they are likely to simply spread the same amount of work across a smaller number of employees.
2. **Scheduling.** Consider overtime and commuting time when scheduling workers, to help ensure they have enough time between shifts to sleep the needed amount. Be wary of messing up people's circadian rhythms with crazy shift-work schedules—nights, days, and back again.
3. **Environment.** Light, sound, temperature, and other workplace elements can have subtle but meaningful effects on worker fatigue.
4. **Education.** Educate workers to better manage their sleep and the factors that can affect it. Covering sleep-disorder screening under employer-provided insurance also can help, since many people have underlying clinical/health problems that reduce the quantity and quality of sleep.[61]

Cognitive Appraisals You've undoubtedly heard the expression: "It's not what happens to you but the way you respond that matters." This sentence essentially describes cognitive appraisal, the process by which you evaluate the meaning of events and demands in your life. Put another way, what makes stressors actually stressful is the way we think about them. Two types of appraisals influence whether we experience a particular stressor as stress, and the degree to which it is stressful.

1. ***Primary appraisals*** **are our perceptions of whether a stressor is irrelevant, positive, or negative.** Negative primary appraisals are obviously the most relevant to our current discussion because they imply that we perceive a situation or stressor as harmful, threatening, or challenging.

2. ***Secondary appraisals*** **are our perceptions of how able we are to cope with a given demand.** During secondary appraisals we consider which coping strategies are available and which are most likely to help resolve the stressful situation.

Combined, these appraisals influence our choice of coping strategies and in turn the subsequent outcomes.

Coping Strategies Coping strategies are specific behaviors and cognitions (thoughts) we use to cope with a situation. The appropriateness and thus the success of any particular type of coping depends on the person and situation factors.[62] People use a combination of three approaches to cope with stressors and stress (see Figure 16.9). The first, called a ***control strategy,*** **consists of behaviors and cognitions that directly anticipate or solve problems.** A control strategy has a take-charge tone. Examples include talking to your professor or boss about workload if you feel overwhelmed with your responsibilities, or confronting someone who is spreading negative rumors. Some research shows health and other benefits from control coping. People are more apt to use control coping when they possess high self-esteem, self-efficacy, and problem-solving skills.[63]

Escape strategies **are those in which you avoid or ignore stressors.** These strategies can be beneficial if you have no control over the stressors or their causes. If the president of your company is an unpredictable and unlikable individual but thankfully is not your direct supervisor, then it is best not to attempt control coping but instead to avoid or escape stressful encounters with him or her.

Symptom management strategies **focus on reducing the symptoms of stress** and include relaxation, meditation, medication, and exercise. A vacation can be a good way to reduce the symptoms of stress. One of this book's authors plays with his sweet, savage Jack Russell terrier.

Stress Outcomes Stress has psychological, attitudinal, behavioral, cognitive, and physical health outcomes. Besides your own personal experiences, a large body of research supports the negative effects of perceived stress on many aspects of our lives.[64] Workplace stress is associated with undesirable effects on many outcomes in the Organizing Framework for Understanding and Applying OB:

- Decreases in job satisfaction, organizational commitment, organizational citizenship behavior, positive emotions, and performance.
- Increases in emotional exhaustion, burnout, absenteeism, and turnover.[65]

The undesirable effects extend beyond these, however. Stress is linked to many counterproductive behaviors, such as yelling, verbal abuse, and violence toward others. It also is associated with frequent drinking and the taking of illicit drugs.[66] These stress outcomes are very costly to individuals and organizations alike. Finally, ample evidence supports the conclusion that stress negatively affects our physical and psychological health. Stress contributes to the following physical and mental health problems:

- Lower ability to ward off illness and infection.
- High blood pressure.
- Coronary artery disease.
- Tension headaches.
- Back pain.
- Gastrointestinal problems.
- Psychological well-being.[67]

We think it is stressful just to think about all these problems! We close this section with an example of the way one company attempted to alleviate the stress experienced by its employees.

OB in Action

Barrie D'Rozario DiLorenzo (BD'D) Takes Advertising, Marketing, and Employee Stress *Very Seriously*![68]

The Minnesota-based advertising and marketing agency Barrie D'Rozario DiLorenzo (BD'D) boasts an intensely people-centered culture. Not only is the work environment open and stimulating to foster interaction, but the firm's leadership has taken things much further. It offers each of its 18 employees 500 hours of paid time off to pursue their passions.

The Situation The firm was entering the summer slow season, and instead of paying employees simply to show up or to do less than a full-day's work, Stuart D'Rozario, the agency's president and chief creative director, told employees to take 500 hours to do something they haven't done because of lack of time. (Think of it as four years' worth of vacation in one summer!) Doing nothing was not an option, D'Rozario said. Employees were required to identify something specific, make a plan, and execute.

What Did Employees Do? There's more to the story. BD'D had built up considerable cash reserves and decided to complete the 500-hour project before soliciting and taking on new business. Of course, current clients would be served, but employees would be paid from existing reserves.

Some employees traveled, at least one made music, another painted, and one even designed a hands-free dog leash! Though it was not a requirement, employees' choices were often consistent with the spirit of the firm, which is creative and enthusiastic.

Motives and Benefits To keep the firm running during this time, employees were expected to split their time—25 percent BD'D business and 75 percent for their passion project.

D'Rozario believes the 500 hours will make the agency better, but that was never the explicit purpose. "Honestly, my big hope for this is now that they're back, people realize the things you wanted to do, you could always be doing and find a place for it in your lives," he says. "Year after year we let the sun go down on our dreams because we can't take time. Maybe it's time to start giving it."[69]

YOUR THOUGHTS?

1. If you are currently working, what effect do you think a 500-hour project would have on you?
2. What effect do you think it had on employee stress? Employee engagement?

16.5 EFFECTIVE CHANGE AND STRESS MANAGEMENT

MAJOR QUESTION

How can OB knowledge and tools help me effectively manage change and stress?

THE BIGGER PICTURE

We close the chapter and the book with practical suggestions on how to manage change and stress. Since organizational change often has implications for nearly every element of the Organizing Framework, it is an excellent opportunity to consolidate and apply the knowledge gained throughout the book. OB provides many practical tools to make you a more effective manager of change. Specifically, we'll describe how to apply the systems model you learned about earlier for strategic planning and diagnosis. We then provide advice on how to overcome resistance to change and manage stress, which is followed by some practical tips for successful change management.

Applying the Systems Model of Change—Strategic Planning and Diagnosis

There are two ways to apply the systems model of change. The first is as an aid during the strategic planning process (why change?), and the second is to help identify the necessary targets of change (change what and how?). Together, these uses can assist leaders and managers in formulating and implementing effective organizational change (see Figure 16.6).

Use the following Problem-Solving Application to apply the systems model of change for diagnosing problems and identifying the targets for change.

Problem-Solving Application

Emergency in the Emergency Department[70]

Not long ago it wasn't just the patients who had problems at the University of Colorado Hospital's Emergency Department (ED); it was the ED itself. One problem was common to emergency departments across the country—overcrowding. The number of patients entering emergency departments had ballooned as more people used the ED not just for help after accidents or trauma but also as their primary source of medical care. From the hospital's perspective this makes emergency departments an important intersection between inpatient and outpatient services, where many patients are admitted while others are treated and sent home.

Situation Critical University of Colorado's ED had other problems too. Many patients were leaving without being treated and going to competing hospitals, due to frustration with unacceptable wait times. The ED also spent at least one-third of every day on ambulance diversion, which means it was unable to accept additional patients and had to send them elsewhere because the department was too crowded. The processes, policies, and practices were also inefficient, which meant it took more time to treat the patients who were accepted. All this damaged relationships with both physicians and other emergency care providers who referred patients to the University of Colorado Hospital.

Other Consequences Patient and staff satisfaction scores were not just bad; they were awful. Not surprisingly this poor quality led to near weekly visits from the Colorado Department of Public Health because of patient complaints and code violations.[71] As a teaching hospital Colorado became a less-desirable destination for talented people at all stages of their medical careers, which also undermined the hospital and medical school's goal of being an innovative thought leader.

As Dr. Richard Zane, the newly appointed emergency department head, concluded, the ED was "small, crowded, and dysfunctional."[72]

Potential Causes The causes were numerous. The hospital was very much siloed. Administration had an us-vs.-them relationship with the clinical staff, who also were segregated by specialty and status. Doctors, nurses, compliance, finance, and other stakeholders often had their own goals and processes and duplicate functions (such as hiring and budgeting). Focus slipped away from patient experience and satisfaction, normally the top priority for the organization and all its employees.

Problems such as staffing needs were often viewed narrowly in particular functional areas and solutions were not shared. As a result, many similar problems were solved multiple times by different people, duplicating the use of time, money, and talent.

And patient care data was lacking. Some areas collected data about who performed which duties (nurses, doctors, technicians), but other areas did not. Patients were not in danger, but it wasn't always clear who was doing which task and whether it was the best person. As a result, talent utilization was inefficient, with techs and physicians providing nursing care and nurses doing the care of technicians.

Assume you are Dr. Zane and just took over as head of the emergency department. Use the 3-Step Problem-Solving Approach to assess and remedy the problems at the University of Colorado Hospital's ED.

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problems facing the University of Colorado Hospital's Emergency Department.

Step 2: Identify the potential causes.

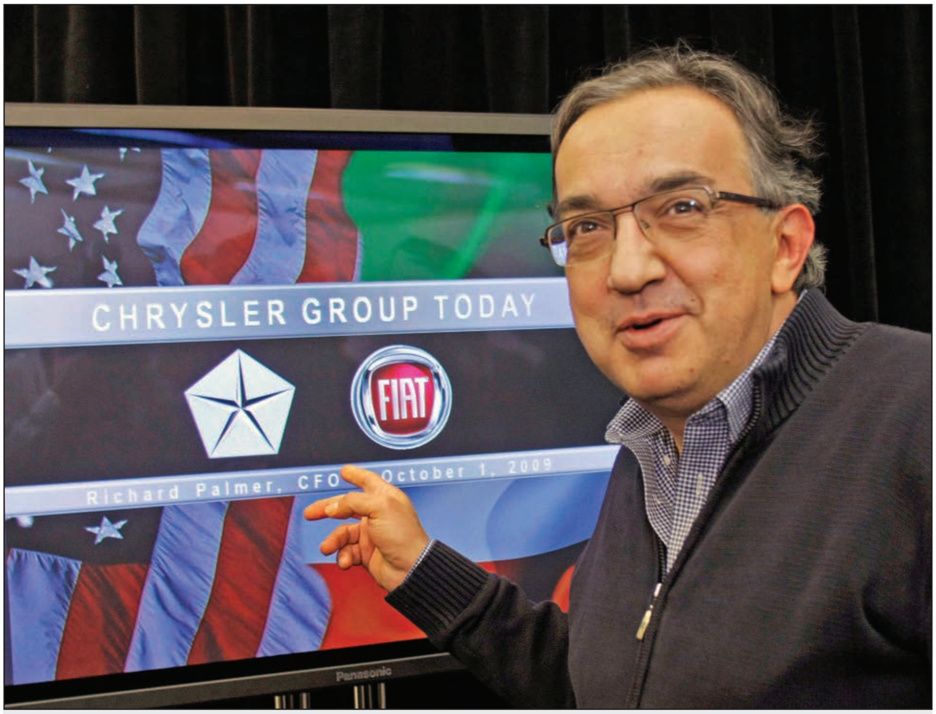
Step 3: Make your recommendations.

How to Overcome Resistance to Change

We've noted that resistance is a form of feedback and that managers need to understand why it is occurring before trying to overcome it. They can do this by considering the extent to which the three sources of resistance shown in Figure 16.8 are contributing to the problem.

Respond to Employee Characteristics Employees are more likely to resist change when they perceive that its personal costs outweigh the benefits. If this is the case, managers are advised to:

1. Provide employees with as much information as possible about the change.
2. Inform employees about the reasons for the change.
3. Conduct meetings to address employees' questions about the change.
4. Provide employees the opportunity to discuss how the proposed change might affect them.



Sergio Marchionne, CEO of both Fiat and Chrysler, was instrumental in saving Chrysler during the financial crisis. He is widely regarded as a masterful change agent in the auto industry. © Bill Pugliano/Getty Images

Improve Change Agent–Employee Relationships The four recommendations just described will also improve the agent–recipient relationship by enhancing the level of trust between the parties.

When Sergio Marchionne took over as CEO of Chrysler Motors, the company was in dire straits. The US government had bailed it out by taking a large ownership position. Marchionne knew he had to take drastic action—shore up finances, revamp product lines, reduce costs, and increase revenues. However, he also knew that to be successful he needed the commitment of the company's 60,000 employees. He was the change agent who desperately needed productive relationships with the change recipients. To this end, he spent much of the $6 billion from the bailout to upgrade automotive design and production technology, as well as to integrate many of Chrysler's operations and products with those of Fiat, for whom Marchionne is also the CEO. He also eliminated the chairperson's role, giving the CEO more power and control, and changed the organization's structure so the key 26 managers now report directly to him.[73]

Implement Organizational Processes and Practices Here again the Organizing Framework can be very useful. Furthermore, managers should not assume people are consciously resisting change. Resistance to organizational changes are often caused by some obstacle in the work environment, such as job design or performance management practices, that make the change difficult or counter to an employee's self interests. For instance, if employees are still rewarded for servicing customers only via e-mail and the phone, then it is foolish to expect them to provide customer service in the new way that requires quarterly face-to-face visits. Put another way, organizational structure or performance management practices can present greater obstacles to organizational change than employees' direct or dispositional resistance.[74] If employees, for example, are still rewarded for doing their jobs the old way, then it is unrealistic or even foolish to expect them to do their jobs differently.

Management should obtain employees' feedback about any obstacles that may be affecting their ability or willingness to accept change.[75] In the end, change agents should

TABLE 16.3 SIX STRATEGIES FOR OVERCOMING RESISTANCE TO CHANGE

Approach	Commonly Used Where	Advantages	Drawbacks
Education & Communication	There is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Time consuming if lots of people are involved.
Participation & Involvement	The initiators do not have all the information they need to design the change and others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Time consuming if participators design an inappropriate change.
Facilitation & Support	People are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time consuming and expensive and still fail.
Negotiation & Agreement	Someone or some group will clearly lose out in a change and that group has considerable power to resist.	Sometimes it is relatively easy to avoid major resistance.	Too expensive if it alerts others to negotiate for compliance.
Manipulation & Co-optation	Other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Leads to future problems if people feel manipulated.
Explicit & Implicit Coercion	Speed is essential and the initiators of change possess considerable power.	It is speedy and can overcome any kind of resistance.	Risky if it leaves people mad at the initiators.

SOURCE: *Choosing Strategies for Change,* by J. P. Kotter and L. A. Schlesinger, March/April 1979. Copyright 1979 by the Harvard Business School Publishing Corporation.

not be afraid to modify the targeted elements of change or their approach toward change, based on employee resistance. If people are resisting for valid reasons, it is wise to consider altering the plan.

Take a Contingency Approach to Overcoming Resistance As you have learned throughout this book, effective managers apply the knowledge and tools that match the requirements of the situation (one size does not fit all). A similar contingency approach is recommended for avoiding or overcoming resistance to change. Table 16.3 describes six managerial strategies, the appropriate situations in which to take each, and their respective advantages and drawbacks.

How to Manage Stress

Because stress influences many outcomes across levels of the Organizing Framework, it is not surprising that organizations are increasingly implementing a variety of stress-reduction programs to help employees cope.[76] Let's explore some that may benefit you, other employees, and your employers.

Stress-Reduction Techniques The five most frequently used stress-reduction techniques are muscle relaxation, biofeedback, meditation, cognitive restructuring, and holistic wellness. Each uses a somewhat different way of coping with stress (see Table 16.4).

Beyond the benefits of all these techniques, research shows that leisure activities (playing or watching sports, shopping, reading) also can help you combat stress. And the

TABLE 16.4 STRESS-REDUCTION TECHNIQUES

Technique	How It Works	Assessment
Muscle relaxation	Slow, deep breathing and systematic muscle tension relaxation reduce tension.	Inexpensive and easy to use; may require a trained professional to implement.
Biofeedback	Electronic monitors train people to detect muscular tension; muscle relaxation is then used to alleviate this symptom of stress.	Expensive in the past due to costs of equipment; however, equipment grows more affordable and can be used to evaluate effectiveness of other stress-reduction programs.
Meditation	Practitioners relax by redirecting their thoughts away from themselves, often following a structured procedure to significantly reduce mental stress.	Least expensive, simple to implement, and can be practiced almost anywhere.
Cognitive restructuring	Irrational or maladaptive thoughts are identified and replaced with those that are rational or logical.	Expensive because it requires a trained psychologist or counselor.
Holistic wellness	A broad, interdisciplinary approach that goes beyond stress reduction by advocating that people strive for personal wellness in all aspects of their lives.	Calls for inexpensive but often behaviorally difficult lifestyle changes.

effectiveness of these activities is boosted further still if you are intrinsically motivated to do them.[77] But what has proven to be one of the most effective stress-reduction techniques is cognitive restructuring.[78]

The ABCDEs of Cognitive Restructuring Many positive OB tools can help you both avoid and reduce stress, such as fostering positive emotions, using mindfulness, flourishing, and developing a positive organizational climate. In addition to these, the following five-step process of cognitive restructuring can help you stop thinking pessimistically about an event or problem. It's called the ABCDEs, as illustrated below.[79]

A—Name the event or problem. For example:

My roommate is going to move out, and I can't afford to pay the rent by myself.

B—List your beliefs about the event or problem.

I don't have any prospects for a new roommate, and I may have to move. I might have to move back home and quit school. I could ask my parents for money, but they really can't afford to pay my rent. I could move to a lower-priced single apartment in a bad part of town.

C—Identify the consequences of your beliefs.

I'm going to move back home for spring semester and will return in the fall.

D—Formulate a counterargument to your initial thoughts and beliefs. Pessimistic thoughts are generally overreactions, so the first step is to correct inaccurate or distorted thoughts.

I have not studied my expenses closely, and I may be able to afford the apartment. Even if I can't afford the apartment right now, I could get a part-time job that would cover the additional expenses. I could advertise on Craigslist or in the school newspaper for a new roommate. I don't have to accept a bad roommate, but the worst-case scenario is that I have to carry the added expenses for one semester.

E—Describe how energized and empowered you feel at the moment.

I'm motivated to find a new roommate and get a part-time job. I have taken care of myself throughout college and there is no reason I can't continue to resolve this short-term problem.

TAKE-AWAY APPLICATION

Applying My Knowledge of Cognitive Restructuring

1. Think of a stressor in your life, preferably at school or work.
2. Describe how you can use the ABCDEs of cognitive restructuring.
3. Do you feel more confident in your ability to overcome or reduce this stressor?
4. Does simply making this plan make you feel better, less stressed?

Research and practice show that this technique works well over time. The key is to stay with your ABCDEs and not to expect instantaneous results.

Pulling It All Together—Change Management Tips for Managers

We conclude the chapter and book by asking you to return to the Organizing Framework. You realize now that both person and situation inputs can have a major impact on what needs to change, how it needs to change, and the ultimate success of any change initiatives. And you know that process always matters. Employees react more positively to changes that are personally undesirable, even job cuts, when the process by which they are formulated and implemented is perceived as fair. To be clear, employees may still be unhappy, but not as unhappy as if changes were implemented in ways they perceived as unfair.

Effective managers of change therefore carefully consider the relevant inputs *and* processes for any given change effort, because these are critical determinants of outcomes in the Organizing Framework. And the outcomes in the Organizing Framework likely overlap with the goals of a given change, such as employee satisfaction, team performance, and organizational reputation. Thus you may choose to start with the end in mind, as suggested in the following Applying OB box that details five keys to successful change management.

Applying OB

Five Tips for Effective Change[80]

We can safely predict that your future is going to include change and related stress. While accepting change is neither simple nor easy, here are our best tips to help stack the deck in your favor and improve your chances for success. While some tips specifically address the manager's role, all will help you at any level of the organization.

1. **Set realistic change goals.** Leaders of change often think big and bold. This is fine so long as the objectives are realistic and attainable for the situation and organization. Just as you learned, SMART goals are challenging but attainable.
2. **Ensure senior leader involvement and commitment.** CEOs and other senior leaders must be *visibly* involved in change initiatives. They cannot simply sit in the ivory tower and dictate change. They need to be planners, cheerleaders, and doers. This kind of deep involvement will help shape employee perceptions and beliefs that leaders are serious about the changes and that they care about employees
3. **Walk the talk.** Change can be difficult, even scary, for many employees. It thus is beneficial if managers and leaders change first. This means when employees are asked to make sacrifices (give pay concessions, work overtime, take on additional responsibilities), leaders and managers make them first and in-kind. Leaders and managers of change need to make their actions visible and make them count.
4. **Be clear on "why."** Everybody wants to know why the changes are happening. What are the motives, what will be the personal impact, and what role will individuals play in shaping the outcomes? Your organization must avoid the situation in which "the lower you go, the less you know." Everybody responsible for and affected by the change must clearly understand why it is happening. Understanding is fundamental to building commitment to change and reducing resistance. Communicate.
5. **Align performance management practices.** It is difficult, even foolish, to expect your salespeople to give full attention to selling your company's new product if the bulk of their compensation is still focused on the old product. It is necessary not only to align goals, but also to align recognition and other rewards with the change-related goals.

TAKE-AWAY APPLICATION

Improving My Understanding of Effective Change Management

1. Which of the five tips above do you think is most often missing when change efforts fail? Explain why.
2. What other tips would you offer managers of change, based either on knowledge and tools from this particular chapter or on other things you learned in this book?
3. What immediate challenges do you see on the horizon that will let you apply these five tips?

Parting Words for Change and OB

Whether you work for somebody else or run your own business, your ability to effectively manage change will benefit you throughout your career. It is a challenge, but the rewards are enormous if you can do it well. The knowledge and tools we've provided here can give you a real competitive edge on other employees and managers.

And don't forget that managing change is about *doing*. Perhaps Charlie Strong, football coach for the University of Texas, put it best in 2014 when he was hired and outlined his expectations for players, particularly the team's leaders: "They can lead the new culture or be run over by it. . . . I don't want to talk about things. I'd rather do things. We just talked. Now it's time to do."[81]

We wrote this book to help you perform better at work, at school, and in life more generally. You've gained an enormous amount of knowledge throughout this book and course, and you've taken many opportunities to apply that knowledge. We encourage you to continue learning *and* applying your knowledge, because it is the application of what you know that will help you get ahead. We hope you enjoyed your journey and wish you the very best both personally and professionally.

What Did I Learn?

You learned that change and stress will be two companions throughout your professional life. You learned how you can apply OB to help you recognize and respond appropriately to drivers of change and to manage both the positive and negative sides of stress for greater effectiveness. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Organizing Framework. Finally, challenge your mastery of this chapter by answering the Major Questions in your own words.

Key Points for Understanding Chapter 16

You learned the following key points.

16.1 FORCES FOR CHANGE

- The many forces for change can be categorized as external and internal.
- External forces are demographic, technological, shareholder and market, social, political, and regulatory.
- Internal forces often pertain to human resources and managerial behavior and decisions.

16.2 TYPES AND MODELS OF CHANGE

- Three general types of change—adaptive, innovative, and radically innovative—differ in complexity, cost, and uncertainty.
- Lewin's change model proposes three stages: unfreezing, changing, and refreezing.
- A systems model of change includes inputs, strategic plans, target elements of change, and outputs.
- Kotter's eight-stage model of change requires organizations to move through each stage sequentially.
- An organizational development (OD) approach to change consists of diagnosing, intervening, evaluating, and feeding the evaluation back to assess change effectiveness.

16.3 UNDERSTANDING RESISTANCE TO CHANGE

- Resistance to change is any thought, emotion, or behavior that does not align with actual or potential changes to existing routines.
- Dynamic perspectives of resistance describe it as an interplay of change recipient characteristics, change agent characteristics, and the relationship between the two.

16.4 THE GOOD AND THE BAD OF STRESS

- Job stress is the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker.
- The occupational stress process has four basic elements: stressors, cognitive appraisal, coping strategies, and outcomes.
- Stressors can occur at multiple levels—individual, group, organizational, and extra-organizational.
- Primary and secondary are the two common forms of cognitive appraisal.
- Common coping strategies are control, escape, and symptom management.

16.5 EFFECTIVE CHANGE AND STRESS MANAGEMENT

- The systems model of change provides multiple targets for effective change management, such as change recipient characteristics, change agent characteristics, and their relationship.
- Education and communication, involvement, negotiation, and coercion are among the many means for overcoming resistance to change.
- Many stress reduction techniques are supported by research: muscle relaxation, biofeedback, meditation, cognitive restructuring, and holistic wellness.

FIGURE 16.10 ORGANIZING FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

The Organizing Framework for Chapter 16

As shown in Figure 16.10, you learned that the process of leading and managing change and stress at the organizational level often includes a range of inputs, processes, and outcomes across all levels of the organization.

Challenge: Major Questions for Chapter 16

You now should be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 16.10, the chapter itself, and your notes to revisit and answer the following major questions:

1. What are the common forces for change at work, and how can knowing them improve my personal effectiveness?
2. How can my organization and I use different approaches to more effectively manage change?
3. Why do people resist change and what can I do about it?
4. How does stress increase or reduce my effectiveness?
5. How can OB knowledge and tools help me effectively manage change and stress?

IMPLICATIONS FOR ME

We outlined five particular practical implications for you. First, learn about and be mindful of your own attitudes towards change. If you have a negative approach, you are more likely to resist change and expect negative experiences and outcomes. In contrast, a more positive attitude means you're more likely to frame change as a challenge or an opportunity. Second, pay attention to and utilize your knowledge of the internal and external forces of change. This will enable you to understand, manage, and perform within the context of change. Third, change is complex. Using your knowledge of the types of change as well as the different models can help you understand and perform better during the many changes you will undoubtedly face in your career. Fourth, resistance is a given. Apply your knowledge from Figure 16.8 to understand the different causes of resistance. This will help you reduce your own resistance as well as that of others. Fifth, understand and apply your knowledge of occupational stress and coping (see Table 16.4). Cognitive restructuring is an especially effective tool—learn it and use it. This will greatly improve your performance and satisfaction at work and in life.

IMPLICATIONS FOR MANAGERS

Seven practical implications are highlighted. First, taking a more strategic approach to change will help you get ahead in your professional life. To do this, consider both internal and external forces for change. Second, also consider the complexity, cost, and perceived threat associated with the different types of change—adaptive, innovative, and radical (see Figure 16.4). Third, not all changes are alike, which means you'll need different tools to be effective. The models outlined in this chapter should help you better understand and manage the various changes you'll be confronted with in your professional life. Fourth, utilize the systems model (see Figure 16.6) for both planning and diagnosing change. When you are planning change, it will help ensure that you consider important elements you might not otherwise. Fifth, employee resistance will make or break your effectiveness as a manager. Viewing resistance as a dynamic process with several different sources is a good starting point. Then, utilize Table 16.3 and other knowledge in this chapter to help reduce and overcome resistance. Sixth, stress affects your own performance and that of those you manage. Be aware of your stress and manage it effectively to better manage others. Seventh, the final Applying OB box provides five tips for managing change effectively. Learn them, and use them!

PROBLEM-SOLVING APPLICATION CASE

Best Buy . . . The Best House on a Bad Block

The title of this case is the way some analysts characterized Best Buy's position in the retail electronics industry—the best big-box retailer in a shrinking business. Hubert Joly, Best Buy's CEO, seemed to agree when he said the following just after taking the job: "This is the most dysfunctional organization I've ever seen. . . But this is good news because this is self-inflicted, and so this is something we can correct."[82] The company was indeed in dire straits. The key performance metrics for most retailers—same-store sales and profit margins—had been declining over a period of time.[83]

CAUSES OF PAIN

The electronics industry had been contracting and fragmenting for a number of years, and brick-and-mortar retailers were ever more tightly squeezed by online providers. Amazon and Walmart in particular were taking an increasing share of business from everyone in the electronics market. All this led Best Buy's three closest store-based competitors to go out of business—Circuit City, CompUSA, and RadioShack. Having fewer competitors might be a good thing, but it just reinforced the shrinking nature of the industry.[84]

Best Buy also confronted internal forces that were driving change. The previous CEO, Brian Dunn, was forced to resign after having an inappropriate relationship with an employee, and founder Richard Schulze had made an unsolicited attempt to buy the company and take it private. Leadership was in disarray. The board of directors had allowed ineffective if not unethical conduct to continue, from the executive level to the store level, further eroding Best Buy's performance and reputation.[85]

What remained in 2012 was a company with lower revenues, uninspiring product displays, dirty restrooms, and lapsed maintenance, because it had run low on cash and management had focused its attention elsewhere. However, the company still paid for private jets, trips to the World Economic Forum in Davos, Switzerland, sponsorship of NASCAR and the Super Bowl, and color printers at headquarters.[86]

CUSTOMERS, EMPLOYEES, AND VENDORS

Customer preferences for products, price, and location had changed, and Best Buy no longer measured up. Some customers had poor customer service experiences with the company, and prices were not competitive. The online store was unreliable, with inaccurate stock information, and online orders took days or even weeks to arrive because they shipped from centralized distribution centers even if a nearby store had the needed item in stock. Many shoppers saw no real value in actually purchasing from the store. Instead they went to learn about and view the product they wanted and returned home to purchase it online from another source (often Amazon).[87]

When Sharon McCollam, the new CFO hired by Joly, attended her first staff meeting, the room was half-empty. Many of her corporate-based direct reports worked from home, and on any given day 20 to 35 percent of corporate employees were absent. Decision making was bureaucratic and slowed by multiple layers of management. Also notable was the amount of e-mail clutter received by store managers; they were barraged with reminders of the latest program from corporate. Store-level employees were confused about which activities they should prioritize: Was it getting more credit card sign-ups, selling extended-service policies, or reminding customers about the Geek Squad (Best Buy's in-home tech experts)? Shari Ballard, the US retail president, wanted every store employee to know and focus on *revenue per hour*. And yet, despite all the data the company possessed, it didn't know what distinguished top-performing employees and top-performing stores from the rest.[88]

Last but not least, Best Buy had less-than-productive relationships with manufacturers and vendors. Apple, for instance, had its own retail stores and also sold its products online. However, it also wanted other retailers, including Best Buy, to sell Apple products. But at the time Joly took over, the relationship between the two companies was not nearly as strong as it could be. The same could be said of Samsung. It's one of the world's largest electronics manufacturers, yet by its own estimate Best Buy was not meeting its potential as a retail channel for Samsung's products. Employees did not have sufficient knowledge about different suppliers' products, the products were not well distinguished from one another, and in-store displays and marketing were insufficient.

Assume you are Hubert Joly and have just taken the CEO job. Use the 3-Step Problem-Solving Approach to identify the problems and their causes, and formulate the actions you'd take.

APPLY THE 3-STEP PROBLEM-SOLVING APPROACH TO OB

Step 1: Define the problem.

A. Look first at the Outcomes box of the Organizing Framework in Figure 16.10 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

B. Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of CEO Joly.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 16.10. Causes will appear in either the Inputs box or the Processes box.

A. Start by looking at Figure 16.10 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, *Why is this a cause of the problem?* Asking why multiple times is more likely to lead you to root causes of the problem.

B. Follow the same process for the situation factors.

C. Now consider the Processes box shown in Figure 16.10. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, *Why is this a cause?* Again, do this for several iterations to arrive at root causes.

D. To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

A. Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 16 or one of the earlier chapters to propose a solution.

B. You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

C. Create an action plan for implementing your recommendations.

LEGAL/ETHICAL CHALLENGE

Can Employers Ethically Force You to Change and Be Healthy?

A well-entrenched and ever-growing trend in companies today is employer-sponsored wellness programs. Healthy employees provide many benefits for employers, such as increased productivity and morale, reduced absences and accidents, and lower stress and health care costs. The benefits for employees are similarly obvious—less stress and anxiety, higher productivity and efficiency, better interpersonal relationships, and increased job satisfaction.[89] Employers' increased interest in health and wellness mirrors larger societal values related to healthier living. It thus is no surprise that employers are using both carrots (incentives) and sticks (penalties) to motivate healthier employee lifestyles. These efforts, however, have raised ethical considerations regarding the means used to gain employee compliance.[90]

Carrots and Sticks

Many programs offer incentives for employee participation. The most common is reduced health insurance premiums if employees participate in health screening, stress reduction, nutrition counseling, weight loss, smoking cessation, exercise, or other employer-sponsored programs. However, more employers (some estimate 60 percent) are penalizing employees for not meeting health standards or participating in wellness programs. Common penalties are increased health care premiums or surcharges for smokers or those who are obese, and in some instances health expenses are not reimbursed if employees do not adopt a healthy lifestyle. At the extreme, some employers are linking employment offers to health behaviors, refusing to hire smokers or insisting that current smokers must quit to remain employed.[91]

Truly Voluntary or Actually Coercive?

Employers often argue that wellness and the associated carrots and sticks benefit all stakeholders. Opponents, however, are concerned that carrot approaches are actually coercive rather than voluntary. The incentives and expectations may be so strong as to induce employees to engage in activities, such as strenuous exercise, that are unhealthy for those who are out of shape or have underlying conditions.[92] Others worry that stick programs and their associated penalties may be a form of harassment. Employees who choose not to participate may still be stigmatized and thus in effect penalized. And what about otherwise-healthy employees, for whom participation in any type of program may not actually matter?

Some critics see employer-sponsored wellness as a "slippery slope" that may lead to employers' governing other nonwork activity, such as eating fast food or participating in extreme sports.[93] Particular concerns arise when employers set consequences that are tied to outcomes and not simply to participation. Of course measurable outcomes make sense, but what about those who try but don't meet the desired standard, say by quitting smoking or losing weight? Is it fair to deny them discounts or penalize them with higher premiums?

Can employers fairly provide consequences (incentives or penalties) for employees who do not comply with their wellness standards, including participation in wellness programs?

What Is Your Position?

1. No. Employers cannot provide positive or negative consequences for employees' health status. Justify.
2. Yes. Employers can provide incentives but not penalties. Justify.
3. Yes. Employers can provide both incentives and penalties. Justify.
4. Create and describe other alternatives for motivating employee wellness.

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Chapter 1

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Chapter 2

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Chapter 3

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Chapter 4

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Chapter 5

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Chapter 8

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Chapter 9

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Chapter 10

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Chapter 11

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Chapter 13

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Chapter 14

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Chapter 15

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Chapter 16

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