

Leadership and Organizational Behaviour in the Golf and Club Industry: Strategies for Managing People and Performance

Leadership and Organizational Behaviour in the Golf and Club Industry: Strategies for Managing People and Performance

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The following updates have been made from the original version:

Overall Changes:

- Golf industry examples and statistics added.
- Updated Canadian statistics have been added to some chapters.
- Images updated and recoloured.
- Changed to Canadian spelling.
- Some content sections were removed.
- Outdated case studies were removed.
- References checked and updated.

Cover image by Koen Liddiard, based on a photo by ChatGPT.

OpenAI. (2025). *ChatGPT*. [Large language model]. <https://chat.openai.com/chat>. Prompt: Create an image of a golf manager in a pro shop or golf course building talking to some staff. Make sure there are women and men represented in the photo. The photo should be in portrait format.

Collaborators

This project was a collaboration between the author and the team in the OER Design Studio at Fanshawe. The following staff and students were involved in the creation of this project:

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I would like to dedicate this book to my mother, Debbie Foster. You taught me a lot about business and financial management. I will cherish the years that we worked in the golf and club industry. RIP

About This Book

This textbook introduces students to a variety of factors that affect personal leadership styles. It provides opportunities for students to develop an awareness of their professional rights and responsibilities as Managers, and to further develop the skills, attitudes and ethical principles outlined by their professional practice. Students will learn the fundamental principles of Organizational Behaviour and the importance of professional development in achieving business and personal success in the golf and club industry.



OB Toolbox

Throughout the book, you will see many OB Toolbox features. Our goal in writing this book is to create something useful for you to use now and as you progress through your career. Sometimes we will focus on tools you can use today. Other times, we will focus on things you may want to think about that may help you later. As you progress, you may discover some OB tools that are particularly relevant to you while others are not as appropriate at the moment. That's great—keep those that have value to you. You can always go back and pick up tools later on if they don't seem applicable right now.

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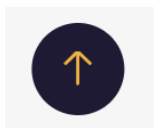
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CHAPTER 1: ORGANIZATIONAL BEHAVIOR

Chapter Overview

- [1.0 Understanding Organizational Behaviour](#)
- [1.1 OB Research](#)
- [1.2 Trends and Changes](#)
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1.0 Understanding Organizational Behaviour



Learning Objectives

1. Define organizational behaviour.
2. Discuss the importance of organizational behaviour.

People can make work an exciting, fun, and productive place to be, or they can make it a routine, boring, and ineffective place where everyone dreads going. Under Steve Jobs' leadership, Apple Inc. experienced great success. Jobs attributes Apple's success to its people, stating, "Great things in business are never done by one person; they're done by a team of people" (Gross, 2012). His leadership style fosters collaboration and inclusivity, creating an environment where employees are empowered to contribute meaningfully.

Just like people, organizations come in many shapes and sizes. We understand that the career path you will take may include a variety of different organizations. In addition, we know that each student reading this book has a unique set of personal and work-related experiences, capabilities, and career goals. According to Statistics Canada (2021), Canadians, on average, had 7 different employers over a 30-year career. In order to succeed in this type of career situation, individuals need to be armed with the tools necessary to be lifelong learners. So, this book will not be about giving you all the answers to every situation you may encounter when you start your first job or as you continue up the career ladder. Instead, this book will give you the vocabulary, framework, and critical thinking skills necessary for you to diagnose situations, ask tough questions, evaluate the answers you receive, and act in an effective and ethical manner regardless of situational characteristics.

Throughout this book, when we refer to organizations, we will include examples that may apply to diverse organizations, such as publicly held companies (Google, Meta, Microsoft, Clublink, etc). The opportunities and challenges that big companies face are no different from those at the Golf and Club Level. The only difference is the scale and sheer volume of employees that need to be managed. Together, we will examine people at work both as individuals and within work groups and how they impact and are impacted by the organizations (ie clubs) where they work. Before we can understand these three levels of organizational behaviour, we need to agree on a definition of organizational behaviour.

Those who study organizational behaviour, which now includes you, are interested in several outcomes such as work attitudes (e.g., job satisfaction and organizational commitment) as well as job performance (e.g., customer service and counterproductive work behaviours). A distinction is made in OB regarding which level of the organization is being studied at any given time. There are three key levels of analysis in OB. They are examining the individual, the group, and the organization. For example, if I want to understand my boss's personality, I would be examining the individual level of analysis. If we want to know how my manager's personality affects my team, I am examining things at the team level. But if I want to understand how my organization's culture affects my boss's behaviour, I would be interested in the organizational level of analysis.

Why Organizational Behaviour Matters

Personal Level

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

A recent survey by the National Association of Colleges and Employers (NACE) asked employers which skills are the most important for them when evaluating job candidates, and OB topics topped the list (NACE 2007 Job Outlook Survey, 2008). The following were the top five personal qualities/skills:

1. Communication skills (verbal and written)
2. Honesty/integrity
3. Interpersonal skills (relate well to others)
4. Motivation/initiative
5. Strong work ethic

Organizational Level

It matters because organizations care about OB. The best companies in the world understand that the people make the place. Organizations that value their employees are more profitable than those that do not (Huselid, 1995; Pfeffer, 1998; Pfeffer & Veiga, 1999; Welbourne & Andrews, 1996). Research shows that successful organizations have a number of things in common, such as providing employment security, engaging in selective hiring, utilizing self-managed teams, being decentralized, paying well, training employees, reducing status differences, and sharing information (Pfeffer & Veiga, 1999).



The Club Management Association of Canada (n.d.) is the national professional association for individuals involved in the club management profession in Canada. Since 1957, we have been supporting our members with education, networking and member events to facilitate our members being the best in the industry. Our members are GMs, CEOs, COOs, as well as Assistant Managers, Controllers, Chefs, Golf Professionals, Superintendents, Marketing Professionals, Food and Beverage Managers and other roles in club management.

An association like CMAC provide future club leaders the opportunity to continue their education and increase their earning capacity!



Your OB Toolbox: Skill Survival Kit

Tom Peters is a management expert who talks about the concept of individuals thinking of themselves as a brand to be managed. Further, he recommends that individuals manage themselves like free agents (Peters, 1997; Peters, 2004). The following OB Toolbox includes several ideas for being effective in keeping up your skill set.

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

(Peters, 2007).

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



OB Toolbox: Journaling as a Developmental Tool

- *What exactly is journaling?* Journaling refers to the process of writing out thoughts and emotions on a regular basis.
- *Why is journaling a good idea?* Journaling is an effective way to record how you are feeling from day to day. It can be a more objective way to view trends in your thoughts and emotions, so you are not simply relying on your memory of past events, which can be inaccurate.
- *How do I get started?* The first step is to get a journal or create a computer file where you can add new entries on a regular basis. Set a goal for how many minutes per day you want to write and stick to it. Experts say at least 10 minutes a day is needed to see benefits, with 20 minutes being ideal. The quality of what you write is also important. Write your thoughts down clearly and specifically while also conveying your emotions in your writing. After you have been writing for at least a week, go back and examine what you have written. Do you see patterns in your interactions with others? Do you see things you like and things you'd like to change about yourself? If so, great! These are the things you can work on and reflect on. Over time, you will also be able to track changes in yourself, which can be motivating as well.



Exercises

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

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1.1 OB Research



Learning Objectives

1. Define research.
2. Outline the different types of OB research methods used.

OB Research Methods

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

Surveys

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



Sample Survey About the Effectiveness of Goal Setting

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

Response Scale:

1=Strongly disagree

2=Disagree

3=Neither agree nor disagree

4=Agree

5=Strongly agree

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

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

Field Studies

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

Laboratory Studies

OB researchers are often interested in basic research questions such as "Can we show that goal setting increases performance on a simple task?" This is how research on goal setting started, and it is also how we can establish the conditions under which it works more or less effectively. Again, to address this, researchers may conduct a lab study in which one group is assigned one condition and the other group is assigned the control condition (generally, the control condition involves no change at all). You may even have been involved in a lab study during your time at your university. One of the most important concepts to understand with lab studies is that they give the researcher a great deal of control over the environment they are studying, but do so in a less "realistic" way, since they are not studying real employees in real work settings. For example, in a lab

study, a researcher could simulate hiring and firing employees to see if firing some employees affected the goal-setting behaviour of the remaining employees. While this wouldn't be legal or ethical to do in a real organization, it could be a compelling lab study. At the same time, however, firing someone in a lab setting does not necessarily carry the same consequences as it would in real life.

Case Studies

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

Meta-Analysis

Meta-analysis is a technique used by researchers to summarize what other researchers have found on a given topic. This analysis is based on taking observed correlations from multiple studies, weighting them by the number of observations in each study, and determining whether the effect holds overall. For example, what is the average relationship between job satisfaction and performance? Research shows that, looking across 300 studies, the relationship is moderately strong (Judge et al., 2001). This is useful information because, for years, people had thought that the relationship did not exist, but when all the studies to date were examined together, the original beliefs about the satisfaction–performance relationship deteriorated. The advantage of meta-analysis is that it gives a more definitive answer to a question than a single study ever could. The downside is that meta-analysis is only possible if sufficient research has been done on the topic in question.

Measurement Issues in OB

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



In the Golf and Club industry, many organizations do not have the resources “in-house” to conduct the aforementioned approaches; however, they can outsource this work to consulting firms to help gain valuable knowledge about their employees and members. Companies like [Global Golf Advisors \(GGA\)](#) provide consulting services to help businesses gain valuable data and industry insight.



Exercises

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

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1.2 Trends and Changes



Learning Objectives

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

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

Ethical Challenges

Business ethics refers to applying ethical principles to situations that arise at work. It feels like it's been one ethical scandal after the other. Enron Corp., AIG, Tyco International, WorldCom, and Halliburton Energy Services have all been examples of what can be described in terms ranging from poor judgment to outright illegal behaviour. The immediate response by the government has been the Sarbanes-Oxley Act, which went into effect in 2002. This act consists of 11 different requirements aimed at greater accountability, which companies must comply with in terms of financial reporting. And while there may be some benefit to businesses from complying with these rules (Wagner & Dittmar, 2006), few see this as the long-term solution to dealing with unethical behaviour. The challenge is to continue to think about business ethics on a day-to-day basis and institute cultures that support ethical decision making. The opportunity for organizations to be at the forefront of ethical thinking and actions is wide open. OB research finds that the most important determinant of whether a company acts ethically is not necessarily related to the policies and rules regarding ethical conduct but instead whether it has a culture of consistently ethical behaviour and if leaders are committed to this ethical behaviour (Driscoll & McKee, 2007).



OB Toolbox: Take an Ethics-at-Work Audit

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

(Callahan, 2004; Toffler, 2003; Trevino, et al, 2006).

Lack of Employee Engagement

Studies suggest that fostering engagement, a concept related to passion, in employees has a significant impact on the corporate bottom line. Gallup, for instance, has been at the forefront of measuring the impact of what is called employee engagement. Employee engagement is a concept that is generally viewed as managing discretionary effort; that is, when employees have choices, they will act in a way that furthers their organization's interests. An engaged employee cares about their work.

According to Gallup's 2024 State of the Global Workplace report, in the combined U.S. and Canada region, 52% of employees are not engaged in their work, and 17% are actively disengaged. That's an enormous waste of potential. Job satisfaction studies in the United States routinely show job satisfaction ratings of 50%–60 %. But one recent study by Harris Interactive of nearly 8,000 American workers went a step further (Zinkewicz, 2005). What did the researchers find?

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

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

Technology

Technology has transformed the way work gets done and has created many great opportunities. The nexus of increasing personal computing power, the Internet, and nanotechnology is allowing things to be created that

weren't even imaginable 50 years ago. And the rate of technological change is not expected to slow down anytime soon. Gordon Moore, a cofounder of Intel Corp., shocked the world in 1975 with what is now termed Moore's Law, which states that computing power doubles every 2 years. This explains why a 4-year-old computer can barely keep up with the latest video game you have purchased. As computers get faster, new software is written to capitalize on the increased computing power. We are also more connected by technology than ever before.

Flattening World

Thomas Friedman (2005) makes the point that the Internet has "flattened" the world and created an environment in which there is a more level playing field in terms of access to information. This access to information has led to an increase in innovation, as knowledge can be shared instantly across time zones and cultures. It has also created intense competition, as the speed of business is growing faster and faster all the time. In his book *Wikinomics*, Don Tapscott (2006) notes that mass collaboration has changed the way work gets done, how products are created, and the ability of people to work together without ever meeting.

There are few barriers to information today, which has created huge opportunities around the globe. Of course, information by itself is not as important as having the right information at the right time. A major challenge for individuals in the flattened world is learning how to evaluate the quality of the information they find. For tips on how to evaluate the quality of information, see the OB Toolbox below.



OB Toolbox: ChatGPT: Is This the Future of Golf?

Recently, the use of Artificial Intelligence (AI) has proven to help clubs with various work tasks. See the link below from the Fall 2023 article from Golf Business Canada Magazine

[Article: ChatGPT Is This the Future of Golf?](#)

Sustainability and Green Business Practices

The primary role of for-profit companies is to generate shareholder wealth. More recently, the concept of the triple bottom line has been gaining popularity. Those subscribing to the triple bottom line believe that, beyond economic viability, businesses need to perform well socially and environmentally. While some organizations have embraced the concepts underlying the triple bottom line, businesses are also undergoing a great deal of "greenwashing," which refers to the marketing of products or processes as green to gain customers without truly engaging in sustainable business practices. Sustainable business practices are those that meet the present needs without compromising the needs of future generations. The challenge is to reconcile the accountability that publicly owned firms have in generating wealth for their shareholders while attending to the triple bottom line. On the other hand, organizations also have an opportunity to leverage a proactive stance toward innovative processes that can result in even greater profits for their products.

Aging Workforce

The proportion of workers in Canada aged 55 and older increased from 10% to 21% of the workforce (Statistics Canada, 2019). This demographic trend presents both challenges and opportunities for organizations. While sectors like healthcare may benefit from increased demand, industries reliant on experienced workers, such as transportation and infrastructure, face potential labour shortages as seasoned employees retire. For instance, roles like air traffic controllers and truck drivers are projected to be in high demand due to mass retirements (Statistics Canada, 2024).

Projections indicate that Canada's labour force will continue to grow, albeit at a slower pace. From 21.7 million participants in 2023, the labour force is expected to reach 26.8 million by 2041, assuming an annual admission of 500,000 permanent immigrants. However, the overall labour force participation rate has declined slightly since the early 2000s and is projected to stabilize around 65% until 2041 (Statistics Canada, 2024).



Exercises

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

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1.3 Chapter Summary

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

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

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

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



Knowledge Check

Please answer the following questions by noting whether you believe the sentence is *true* or *false*.

1



Group Exercise

Best Job–Worst Job

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

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CHAPTER 2: MANAGING DEMOGRAPHIC AND CULTURAL DIVERSITY

Chapter Overview

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2.0 Demographic Diversity



Learning Objectives

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

Diversity refers to the ways in which people are similar or different from each other. It may be defined by any characteristic that varies within a particular work unit, such as gender, race, age, education, tenure, or functional background (such as being a golf professional or course superintendent). Even though diversity may occur with respect to any characteristic, our focus will be on diversity with respect to demographic, relatively stable, and visible characteristics: specifically, gender, race, age, religion, physical abilities, and sexual orientation. Understanding how these characteristics shape organizational behaviour is important. While many organizations publicly rave about the benefits of diversity, many find it challenging to manage diversity effectively.

Benefits of Diversity

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

Higher Creativity in Decision Making

A benefit of having a diverse workforce is the ability to make better decisions. In a diverse work team, people will have different opinions and perspectives. In these teams, individuals are more likely to consider more alternatives and think outside the box when making decisions. When thinking about a problem, team members may identify novel solutions. "Diverse groups outperformed more homogeneous groups not because of an influx of new ideas, but because diversity triggered more careful information processing that is absent in homogeneous groups" (Phillips et al, 2010).

Better Understanding and Service of Customers

A company with a diverse workforce may create products or services that appeal to a broader customer base. A company with a diverse workforce may understand the needs of particular groups of customers better, and customers may feel more at ease when they are dealing with a company that understands their needs. The functional areas of the golf and club industry, such as Turf, Golf Services and Food/Beverage, work independently; however, they provide a positive customer/member experience.

More Satisfied Workforce

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

Higher Profitability

Companies that do a better job of managing a diverse workforce are often rewarded with higher profitability, indicating that CFO's use this information to judge how well a company is being managed.

Lower Litigation Expenses

Companies doing a particularly bad job in diversity management face costly litigation. When an employee or a group of employees feel that the company is violating labour laws or is discriminating against them, they may file a complaint.

Higher Company Performance

As a result of all these potential benefits, companies that manage diversity more effectively tend to outperform others. Research shows that in companies pursuing a growth strategy, there was a positive

relationship between racial diversity of the company and firm performance (Richard, 2000). A great reference is [Canada's Top 100 Companies](#) to work for, based on employee feedback.

Challenges of Diversity

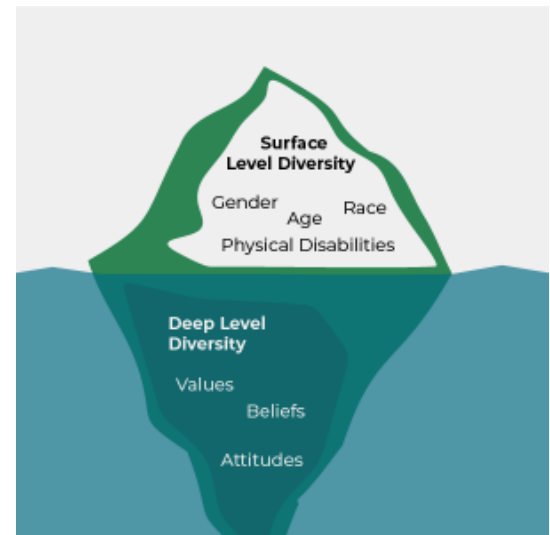
If managing diversity effectively has the potential to increase company performance, increase creativity, and create a more satisfied workforce, why aren't all companies doing a better job of encouraging diversity? Despite all the potential advantages, there are also a number of challenges associated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

Similarity-Attraction Phenomenon

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

The similarity-attraction phenomenon may explain some of the potentially unfair treatment based on demographic traits. If a hiring manager chooses someone who is racially similar over a more qualified candidate from a different race, the decision will be ineffective and unfair. In other words, similarity-attraction may prevent some highly qualified women, minorities, or persons with disabilities from being hired. Of course, the same tendency may prevent highly qualified Caucasian and male candidates from being hired as well, but given that Caucasian males are more likely to hold powerful management positions in today's organizations, similarity-attraction may affect women and minorities to a greater extent. Even when candidates from minority or underrepresented groups are hired, they may receive different treatment within the organization. For example, research shows that one way in which employees may get ahead within organizations is by being mentored by a knowledgeable and powerful mentor. Yet, when the company does not have a formal mentoring program in which people are assigned a specific mentor, people are more likely to develop a mentoring relationship with someone who is similar to them in demographic traits (Dreher & Cox, 1996). This means that those who are not selected as protégés will not be able to benefit from the support and advice that would further their careers. Similarity-attraction may even affect the treatment people receive daily. If the company CEO constantly invites a male employee to play golf with him while a female employee never receives the invitation, the male employee may have a serious advantage when important decisions are made.

Why are we more attracted to those who share our demographic attributes? Demographic traits are part of what makes up surface-level diversity. Surface-level diversity includes traits that are highly visible to us and those around us, such as race, gender, and age. Researchers believe that people pay attention to surface diversity because they are assumed to be related to deep-level diversity, which includes values, beliefs, and attitudes. We want to interact with those who share our values and attitudes, but when we meet people for the first time, we have no way of knowing whether they share similar values. As a result, we tend to use surface-level diversity to make judgments about deep-level diversity. Research shows that surface-level traits affect our interactions with other people early in our acquaintance with them, but as we get to know people, the influence of surface-level traits is replaced by deep-level traits such as similarity in values and attitudes (Harrison et al., 2002). Age, race, and gender dissimilarity are also stronger predictors of employee turnover during the first few weeks or months within a company. It seems that people who are different from others may feel isolated during their early tenure when they are dissimilar to the rest of the team, but these effects tend to disappear as people stay longer and get to know other employees.



*"Diversity" by Koen Liddard [CC BY-NC-SA](#)
Individuals often initially judge others based on surface-level diversity. Over time, this effect tends to fade and is replaced by deep-level traits such as similarity in values and attitudes*

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

Faultlines

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

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

Stereotypes

An important challenge of managing a diverse workforce is the possibility that stereotypes about different groups could lead to unfair decision making. Stereotypes are generalizations about a particular group of people. The assumption that women are more relationship-oriented, while men are more assertive, is an example of a stereotype. The problem with stereotypes is that people often use them to make decisions about a particular individual without actually verifying whether the assumption holds for the person in question. As a result, stereotypes often lead to unfair and inaccurate decision making. For example, a hiring manager holding the stereotype mentioned above may prefer a male candidate for a management position over a well-qualified female candidate. The assumption would be that management positions require assertiveness, and the male candidate would be more assertive than the female candidate. Being aware of these stereotypes is the first step to preventing them from affecting decision making.

Race Diversity in the Workplace

Diversity in the workplace refers to the presence of employees from a wide range of backgrounds, races, ethnicities, cultures, ages, genders, abilities, religions, and other characteristics within an organization (Scott, n.d.). Workplace diversity creates a dynamic and inclusive environment. In addition, promoting workplace diversity creates a space where everyone feels valued and respected and can contribute to the organization's success. It's important for HR professionals to understand the different types of diversity in the workplace, as some of the characteristics, like race, gender, and religion, are protected by law. Recognizing this helps ensure compliance with anti-discrimination regulations and fosters an inclusive and respectful work environment.

Age Diversity in the Workplace

The workforce is rapidly aging. According to the International Labour Organization (ILO), out of the world's working population, the largest group is those between 40 and 44 years old. In contrast, the largest segment in 1980 was the 20- to 24-year-old group (International Labour Organization, 2005). In other words, age diversity at work will grow in the future.

What happens to work performance as employees get older? Research shows that age is correlated with a number of positive workplace behaviours, including higher levels of citizenship behaviours such as volunteering, higher compliance with safety rules, lower work injuries, lower counterproductive behaviours, and lower rates of tardiness or absenteeism (Ng & Feldman, 2008). As people get older, they are also less likely to want to quit their job when they are dissatisfied at work (Hellman, 1997).

Despite their positive workplace behaviours, employees who are older often have to deal with age-related stereotypes at work. For example, a review of a large number of studies showed that those between 17 and 29 years of age tend to rate older employees more negatively, while younger employees were viewed as more qualified and having higher potential (Finkelstein, Burke, & Raju, 1995). However, these stereotypes have been largely refuted by research. Another review showed that stereotypes about older employees—they perform on a lower level, they are less able to handle stress, or their performance declines with age—are simply inaccurate (Posthuma & Campion, 2009). The problem with these stereotypes is that they may discourage older workers from remaining in the workforce or may act as a barrier to their being hired in the first place.



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Photo by Dean Shareski [CC BY-NC 2.0](#)

What are the challenges of managing age diversity beyond the management of stereotypes? Age diversity within a team can actually lead to higher team performance. In a simulation, teams with higher age diversity were able to think of different possibilities and diverse actions, leading to higher performance for the teams (Kilduff et al., 2000). At the same time, managing a team with age diversity may be challenging because different age groups seem to have different opinions about what is fair treatment, leading to different perceptions of organizational justice (Colquitt, Noe, & Jackson, 2002). Age diversity also means that the workforce will consist of employees from different generations. Some organizations are noticing a generation gap and noting implications for the management of employees. For

example, in the golf and club industry, one of the biggest challenges from a management perspective is the age gap of our workforce. We hire students as young as 15 and also employ people well into retirement age. Managing age diversity is challenging due to the motivating factors of the workforce. Someone who is 15 years old

Employees with Disabilities in the Workplace

Employees with a wide range of physical and mental disabilities are part of the workforce. Particularly, employees suffering from illnesses that last for a long time and require ongoing care seem to be at a disadvantage, because they are more likely to be stereotyped, locked into dead-end jobs, and employed in jobs that require substantially lower skills and qualifications than they possess. They are also more likely to quit their jobs (Beatty & Joffe, 2006).

What can organizations do to create a better work environment for employees with disabilities? One legal requirement is that, when an employee brings up a disability, the organization should consider reasonable accommodations. This may include modifying the employee's schedule and reassigning some nonessential job functions. Organizations that offer flexible work hours may also make it easier for employees with disabilities to be more effective. Finally, supportive relationships with others seem to be the key to making these employees feel at home. Particularly, having an understanding boss and an effective relationship with supervisors are important for employees with disabilities. Because the visible differences between individuals may act as an initial barrier against developing rapport, employees with disabilities and their managers may benefit from being proactive in relationship development (Colella & Varma, 2001).



Photo by Pvt pauline [CC BY SA 3.0](#)

Sexual Orientation Diversity in the Workplace

Lesbian, gay, bisexual, transgender, queer, and other sexual and gender diverse (2SLGBTQ+) employees continue to face unique challenges and barriers in the workplace. These may include discrimination, harassment, underrepresentation in leadership roles, and fear of disclosing their identities due to potential negative repercussions. In Ontario, the Ontario Human Rights Code explicitly prohibits discrimination based

on sexual orientation, gender identity, and gender expression in employment, housing, and services (Ontario Human Rights Commission [OHRC], n.d.).

One of the most significant issues for 2SLGBTQ+ individuals in the workplace is the fear associated with disclosing their identity. Studies indicate that a substantial portion of 2SLGBTQ+ employees—especially transgender individuals—choose not to come out at work due to concerns about negative treatment (Catalyst, 2023). Research suggests that the impact on workplace outcomes is less about disclosure itself and more about the fear of disclosure. Employees who are concerned about being outed or judged for their identity report lower job satisfaction, decreased organizational commitment, and higher turnover intentions (Ragins et al., 2007).

To support inclusion, organizations can implement clear, enforceable policies that prohibit discrimination and harassment based on sexual orientation, gender identity, and gender expression. These policies should be accompanied by employee training, inclusive leadership development, and the creation of Employee Resource Groups (ERGs) or affinity networks for 2SLGBTQ+ staff. Moreover, extending health and family-related benefits to same-gender partners and recognizing diverse family structures signals respect and equity.



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

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

Here are some options.

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

(Cottle, 1999; Thomas, 1999).

Suggestions for Managing Demographic Diversity

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

Build a Culture of Respecting Diversity

In the most successful companies, diversity management is not the responsibility of the human resource department. Starting from top management and including the lowest levels in the hierarchy, each person understands the importance of respecting others. If this respect is not part of an organization's culture, no amount of diversity training or other programs is likely to be effective. In fact, in the most successful companies, diversity is viewed as everyone's responsibility.

Make Managers Accountable for Diversity

People are more likely to pay attention to aspects of performance that are measured. In successful companies, diversity metrics are carefully tracked. When managers are evaluated and rewarded based on how effectively they are in diversity management, they are more likely to show commitment to diversity, which in turn affects the diversity climate in the rest of the organization. In the golf and club industry ~ Diversity, Equity & Inclusion are at the forefront of training at all levels of the organization.

Diversity Training Programs

Many companies provide employees and managers with training programs relating to diversity. However, not all diversity programs are equally successful. You may expect that more successful programs are those that occur in companies where a culture of diversity exists. A study of over 700 companies found that programs with a higher perceived success rate were those that occurred in companies where top management believed in the importance of diversity, where there were explicit rewards for increasing diversity of the company, and where managers were required to attend the diversity training programs (Rynes & Rosen, 1995).

Review Recruitment Practices

Companies may want to increase diversity by targeting a pool that is more diverse. For example, some golf courses sell memberships to minority groups that belong to associations that work to arrange

group discounts for memberships. When recruiting staff, it would be an advantage for a new hire to be bilingual, having the ability to speak the same language as the members

Affirmative Action Programs

In Canada, affirmative action, also known as employment equity, is legally permitted under Section 15(2) of the Canadian Charter of Rights and Freedoms. It aims to address historical disadvantages faced by specific groups and ensure equal opportunities in employment, education, and other sectors. This section allows for affirmative action programs that are designed to ameliorate the conditions of disadvantaged individuals or groups, including those disadvantaged due to race, national or ethnic origin, colour, religion, sex, age, or mental or physical disability (Department of Justice Canada, 2021).

It is plausible that people who are against affirmative action programs may have unverified assumptions about the type of affirmative action program the company is using. Informing employees about the specifics of how affirmative action is being used may be a good way of dealing with any negative attitudes. In fact, a review of the past literature revealed that when specifics of affirmative action are not clearly defined, observers seem to draw their own conclusions about the particulars of the programs (Harrison et al., 2006).

In addition to employee reactions to affirmative action, there is some research indicating that affirmative action programs may lead to stigmatization of the perceived beneficiaries. For example, in companies using affirmative action, coworkers of new hires may make the assumption that the new hire was chosen due to gender or race as opposed to having the necessary qualifications. These effects may even occur in the new hires themselves, who may have doubts about the fact that they were chosen because they were the best candidate for the position. Research also shows that giving coworkers information about the qualifications and performance of the new hire eliminates these potentially negative effects of affirmative action programs (Heilman et al., 1993; Heilman, Rivero, & Brett, 1991; Heilman, Simon, & Repper, 1987; Kravitz, 2008).



Toolbox: Dealing with Being Different

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

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



Exercises

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

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2.1 Chapter Summary

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

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



Ethical Dilemma

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



Individual Exercise

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

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

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



Group Exercise

Diversity Dilemmas

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

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

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CHAPTER 3: UNDERSTANDING PEOPLE AT WORK: INDIVIDUAL DIFFERENCES AND PERCEPTION

Chapter Overview

- [3.0 The Interactionist Perspective: The Role of Fit](#)
- [3.1 Individual Differences: Values and Personality](#)
- [3.2 Perception](#)
- [3.3 The Role of Ethics and National Culture](#)
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3.0 The Interactionist Perspective: The Role of Fit



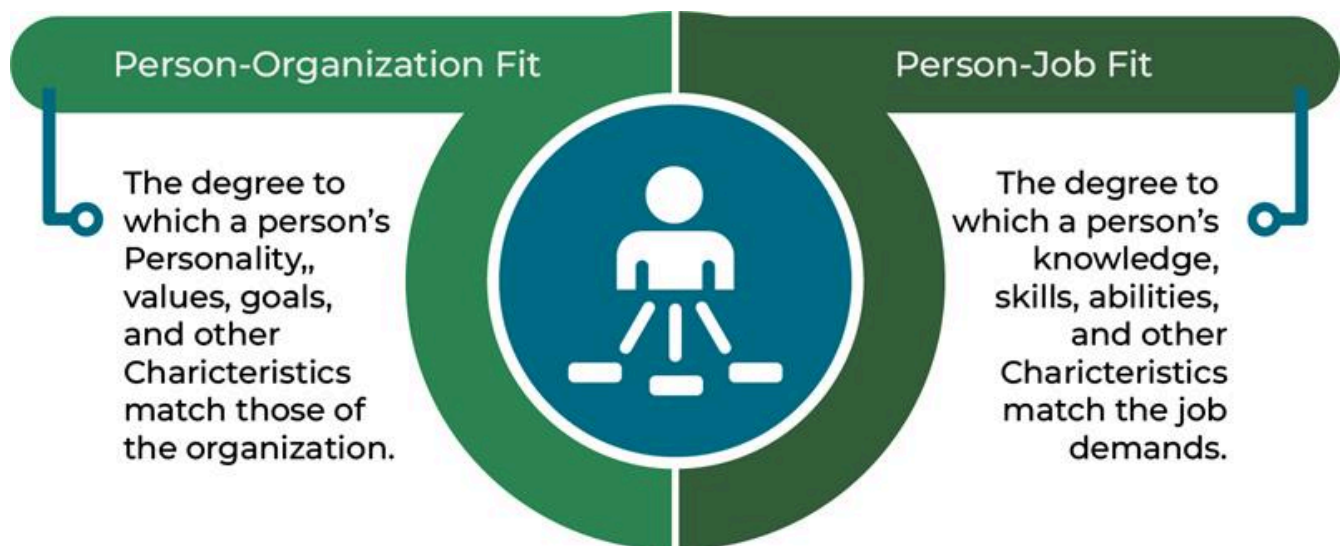
Learning Objectives

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

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

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

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



"Person Fits" by Alyssa Giles, [CC BY-NC-SA 4.0](#).

The first thing many recruiters look at is the person–job fit. This is not surprising, because person–job fit is related to a number of positive work attitudes such as satisfaction with the work environment, identification with the organization, job satisfaction, and work behaviours such as job performance. Companies are often also interested in hiring candidates who will fit into the company culture (those with high person–organization fit). When people fit into their organization, they tend to be more satisfied with their jobs, more committed to their companies, and more influential in their company, and they actually remain longer in their company (Anderson et al., 2008; Cable & DeRue, 2002; Caldwell & O'Reilly, 1990; Chatman, 1991; Judge & Cable, 1997; Kristof-Brown, et al., 2005; O'Reilly et al., 1991; Saks & Ashforth, 2002).

One area of controversy is whether these people perform better. Some studies have found a positive relationship between person–organization fit and job performance, but this finding was not present in all studies, so it seems that fitting with a company's culture will only sometimes predict job performance (Arthur et al., 2006). It also seems that fitting in with the company culture is more important to some people than to others. For example, people who have worked in multiple companies tend to understand the impact of a company's culture better, and therefore, they pay more attention to whether they will fit in with the company when making their decisions (Kristof-Brown et al., 2002). Also, when they build good relationships with their supervisors and the company, being a misfit does not seem to lead to dissatisfaction on the job (Erdogan et al., 2004).



Exercises

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

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3.1 Individual Differences: Values and Personality



Learning Objectives

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

Values

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

What are the values people care about? There are many typologies of values. One of the most established surveys to assess individual values is the Rokeach Value Survey (Rokeach, 1973). This survey lists 18 terminal and 18 instrumental values in alphabetical order. Terminal values refer to end states people desire in life, such as leading a prosperous life and a world at peace. Instrumental values deal with views on acceptable modes of conduct, such as being honest and ethical, and being ambitious.

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

Table: Sample Items From Rokeach (1973) Value Survey

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

Where do values come from? Research indicates that they are shaped early in life and show stability over the

course of a lifetime. Early family experiences are important influences on the dominant values. People who were raised in families with low socioeconomic status and those who experienced restrictive parenting often display conformity values when they are adults, while those who were raised by parents who were cold toward their children would likely value and desire security (Kasser et al., 2002).

Values of a generation also change and evolve in response to the historical context in which the generation grows up. Research comparing the values of different generations resulted in interesting findings. For example, Generation Xers (those born between the mid-1960s and 1980s) are more individualistic and are interested in working toward organizational goals so long as they coincide with their personal goals. This group, compared to the baby boomers (born between the 1940s and 1960s), is also less likely to see work as central to their lives and more likely to desire a quick promotion (Smola & Sutton, 2002).

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

Personality

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

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

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

Big Five Personality Traits

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



[“Big Five Personality Traits”](#) by Anna Tunikova, CC BY 4.0

Trait	Description
Openness	Being curious, original, intellectual, creative, and open to new ideas.
Conscientiousness	Being organized, systematic, punctual, achievement-oriented, and dependable.
Extraversion	Being outgoing, talkative, sociable, and enjoying social situations.
Agreeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
Neuroticism	Being anxious, irritable, temperamental, and moody.

Table: Big Five Personality Traits

Openness is the degree to which a person is curious, original, intellectual, creative, and open to new ideas. People high in openness seem to thrive in situations that require being flexible and learning new things. They are highly motivated to learn new skills, and they do well in training settings (Barrick & Mount, 1991; Lievens et al., 2003). They also have an advantage when they enter a new organization. Their open-mindedness leads them to seek a lot of information and feedback about how they are doing and to build relationships, which leads to quicker adjustment to the new job (Wanberg & Kammeyer-Mueller, 2000). When supported, they tend to be creative (Baer & Oldham, 2006). Open people are highly adaptable to change, and teams that experience unforeseen changes in their tasks do well if they are populated with people high in openness (LePine & Van Dyne, 2001b). Compared to people low in openness, they are also more likely to start their own business (Zhao & Seibert, 2006).

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

who are not conscientious, and their firms have longer survival rates (Certo & Certo, 2005; Zhao & Seibert, 2006).

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

Agreeableness is the degree to which a person is nice, tolerant, sensitive, trusting, kind, and warm. In other words, people who are high in agreeableness are likeable people who get along with others. Not surprisingly, agreeable people help others at work consistently, and this helping behaviour is not dependent on being in a good mood (Ilies et al., 2006). They are also less likely to retaliate when other people treat them unfairly (Skarlicki et al., 1999). This may reflect their ability to show empathy and give people the benefit of the doubt. Agreeable people may be a valuable addition to their teams and may be effective leaders because they create a fair environment when they are in leadership positions (Mayer et al., 2007). At the other end of the spectrum, people low in agreeableness are less likely to show these positive behaviours. Moreover, people who are not agreeable are shown to quit their jobs unexpectedly, perhaps in response to a conflict they engage in with a boss or a peer (Zimmerman, 2008). If agreeable people are so nice, does this mean that we should only look for agreeable people when hiring? Some jobs may actually be a better fit for someone with a low level of agreeableness. Think about it: When hiring a lawyer, would you prefer a kind and gentle person or a pit bull? Also, high agreeableness has a downside: Agreeable people are less likely to engage in constructive and change-oriented communication (LePine & Van Dyne, 2001a). Disagreeing with the status quo may create conflict, and agreeable people will likely avoid creating such conflict, missing an opportunity for constructive change.



How Accurately Can You Describe Your Big Five Personality Factors?

Go to [The Big Five Project Personality Test](#) to see how you score on these factors.

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

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

Myers-Briggs Type Indicator

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

MBTI was developed in 1943 by a mother–daughter team, Isabel Myers and Katherine Cook Briggs. Its objective at the time was to aid World War II veterans in identifying the occupation that would suit their personalities. Since that time, MBTI has become immensely popular, and according to one estimate, around 2.5 million people take the test annually. The survey is criticized because it relies on types as opposed to traits, but organizations that use the survey find it very useful for training and team-building purposes. More than 80 of the *Fortune* 100 companies used Myers-Briggs tests in some form. One distinguishing characteristic of this test is that it is explicitly designed for learning, not for employee selection purposes. In fact, the Myers & Briggs Foundation has strict guidelines against the use of the test for employee selection. Instead, the test is used to provide mutual understanding within the team and to gain a better understanding of the working styles of team members (Leonard & Straus, 1997).

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

Table: Summary of MBTI Types

Positive and Negative Affectivity

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

also high in positive affectivity, the work environment is affected in a positive manner and can lead to greater levels of cooperation and finding mutually agreeable solutions to problems (Anderson & Thompson, 2004).



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

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

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

(Ferguson, 2006; Karcher, 2003; Mudore, 2001).

Self-Monitoring

Self-monitoring refers to the extent to which a person is capable of monitoring his or her actions and appearance in social situations. In other words, people who are social monitors are social chameleons who understand what the situation demands and act accordingly, while low social monitors tend to act the way they feel (Snyder, 1974; Snyder, 1987). High social monitors are sensitive to the types of behaviours the social environment expects from them. Their greater ability to modify their behaviour according to the demands of the situation and to manage their impressions effectively is a great advantage for them (Turnley & Bolino, 2001). In general, they tend to be more successful in their careers. They are more likely to get cross-company promotions, and even when they stay with one company, they are more likely to advance (Day & Schleicher, 2006; Kilduff & Day, 1994). Social monitors also become the “go-to” person in their company, and they enjoy central positions in their social networks (Mehra et al., 2001). They are rated as higher performers and emerge as leaders (Day et al., 2002). While they are effective in influencing other people and getting things done by managing their impressions, this personality trait has some challenges that need to be addressed. First, when evaluating the performance of other employees, they tend to be less accurate. It seems that while trying to manage their impressions, they may avoid giving accurate feedback to their subordinates to avoid confrontations (Jawahar, 2001). This tendency may create problems for them if they are managers. Second, high social monitors tend to experience higher levels of stress, probably caused by behaving in ways that conflict with their true feelings. In situations that demand positive emotions, they may act happy although

they are not feeling happy, which puts an emotional burden on them. Finally, high social monitors tend to be less committed to their companies. They may see their jobs as a stepping-stone for greater things, which may prevent them from forming strong attachments and loyalty to their current employer (Day et al., 2002).

Proactive Personality

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

Self-Esteem

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

Self-Efficacy

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

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

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

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



OB Toolbox: Ways to Build Your Self-Confidence

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

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

(Beagrie, 2006; Beste, 2007; Goldsmith, 2006; Kennett, 2006; Parachin, 2003)

Locus of Control

Locus of control deals with the degree to which people feel accountable for their own behaviours. Individuals with a high internal locus of control believe that they control their own destiny and that what happens to them is their own doing, while those with a high external locus of control feel that things happen to them because of other people, luck, or a powerful being. Internals feel greater control over their own lives, and therefore, they act in ways that will increase their chances of success. For example, they take the initiative to start mentor-protégé relationships. They are more involved with their jobs. They demonstrate higher levels of

motivation and have more positive experiences at work (Ng et al., 2006; Reitz & Jewell, 1979; Turban & Dougherty, 1994). Interestingly, internal locus is also related to one's subjective well-being and happiness in life, while being high in external locus is related to a higher rate of depression (Benassi et al., 1988; DeNeve & Cooper, 1998). The connection between internal locus of control and health is interesting, but perhaps not surprising. In fact, one study showed that having an internal locus of control at the age of 10 was related to a number of health outcomes, such as lower obesity and lower blood pressure later in life (Gale et al., 2008). It is possible that internals take more responsibility for their health and adopt healthier habits, while externals may see less of a connection between how they live and their health. Internals thrive in contexts in which they have the ability to influence their own behaviour. Successful entrepreneurs tend to have high levels of internal locus of control (Certo & Certo, 2005).



Exercises

1. How do terminal and instrumental values influence career choices and long-term job satisfaction?
2. Choose two of the Big Five personality traits and explain how they could positively or negatively impact performance in a team-based work environment.
3. Reflecting on your own values and personality traits, which types of jobs or work environments would be the best fit for you, and why?
4. In what ways might a person's locus of control and self-efficacy interact to influence their approach to challenges in the workplace?
5. Why might high self-monitoring be both an asset and a liability for someone in a leadership role?

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3.2 Perception



Learning Objectives

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

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

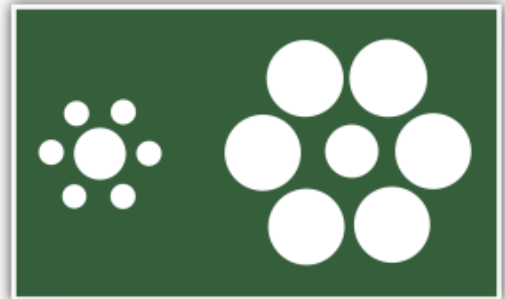
For example, have you ever noticed that while glancing at a newspaper or a news website, information that is interesting or important to you jumps off the page and catches your eye? If you are a sports fan, while scrolling down the pages, you may immediately see a news item describing the latest success of your team. If you are the parent of a picky eater, an advice column on toddler feeding may be the first thing you see when looking at the page. So what we see in the environment is a function of what we value, our needs, our fears, and our emotions (Higgins & Bargh, 1987; Keltner et al., 1993). In fact, what we see in the environment may be objectively, flat-out wrong because of our personality, values, or emotions. For example, one experiment showed that when people who were afraid of spiders were shown spiders, they inaccurately thought that the spider was moving toward them (Riskin et al., 1995). In this section, we will describe some common tendencies we engage in when perceiving objects or other people, and the consequences of such perceptions. Our coverage of biases and tendencies in perception is not exhaustive—there are many other biases and tendencies in our social perception.

Visual Perception



Our visual perception definitely goes beyond the physical information available to us. First of all, we extrapolate from the information available to us. Take a look at the image. The white triangle you see in the middle is not really there, but we extrapolate from the information available to us and see it there (Kellman & Shipley, 1991).

Our visual perception is often biased because we do not perceive objects in isolation. The contrast between



our focus of attention and the remainder of the environment may make an object appear bigger or smaller. This principle is illustrated in the image with the circles. Which of the middle circles is bigger? To most people, the one on the left appears bigger, but this is because it is surrounded by smaller circles. The contrast between the focal object and the objects surrounding it may make an object bigger or smaller to our eye.

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

Self-Perception

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

When perceiving themselves, human beings are also subject to the false consensus error. Simply put, we overestimate how similar we are to other people (Fields & Schuman, 1976; Ross, Greene, & House, 1977). We assume that whatever quirks we have are shared by a larger number of people than in reality. People who take

office supplies home, tell white lies to their boss or colleagues, or take credit for other people's work to get ahead may genuinely feel that these behaviours are more common than they really are. The problem with behaviour in organizations is that when people believe that a behaviour is common and normal, they may repeat the behaviour more freely. Under some circumstances, this may lead to a high level of unethical or even illegal behaviours.

Social Perception

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

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

Stereotypes often create a situation called a self-fulfilling prophecy. This cycle occurs when people automatically behave as if an established stereotype is accurate, which leads to reactive behaviour from the other party that confirms the stereotype (Snyder et al., 1977). If you have a stereotype such as "Golfers are friendly," you are more likely to be friendly toward a Golfer yourself. Because you are treating the other person better, the response you get may also be better, confirming your original belief that Golfers are friendly. Of course, just the opposite is also true. Suppose you believe that "young employees working at a golf course are slackers." You are less likely to give a young employee high levels of responsibility or interesting and challenging assignments. The result may be that the young employee reporting to you may become increasingly bored at work and start goofing off, confirming your suspicions that young people are slackers!

Stereotypes persist because of a process called selective perception. Selective perception simply means that we pay selective attention to parts of the environment while ignoring other parts. When we observe our environment, we see what we want to see and ignore information that may seem out of place.

Our background, expectations, and beliefs will shape which events we notice and which events we ignore. For example, the functional background of a General Manager (GM) at a Golf Club affects the changes they perceive in their environment (Waller et al., 1995). GM's with a background in sales and marketing see the changes in the demand for their product or service, while GM's with a background in information technology may more readily perceive the changes in the technology the company is using. Selective perception may perpetuate stereotypes because we are less likely to notice events that go against our beliefs. A person who believes that men are better golfers than women may be more likely to notice women golfing poorly than men golfing poorly. As a result, a stereotype is maintained because information to the contrary may not reach our brain.



Image by ChatGPT

Let's say we noticed information that goes against our beliefs. What then? Unfortunately, this is no guarantee that we will modify our beliefs and prejudices. First, when we see examples that go against our stereotypes, we tend to come up with subcategories. For example, when people who believe that women are more cooperative see a female who is assertive, they may classify this person as a "career woman." Therefore, the example to the contrary does not violate the stereotype, and instead is explained as an exception to the rule (Higgins & Bargh, 1987). Second, we may simply discount the information. In one study, people who were either in favour of or opposed to the death penalty were shown two studies, one showing benefits from the death penalty and the other discounting any benefits. People rejected the study that went against their beliefs as methodologically inferior and actually reinforced the belief in their original position even more (Lord, Ross, & Lepper, 1979). In other words, trying to debunk people's beliefs or previously established opinions with data may not necessarily help.

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



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

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

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

(Bruce, 2007; Evenson, 2007; Mather & Watson, 2008; Messmer, 2007; Reece, 2006).

Attributions

Your colleague Peter failed to meet the deadline. What do you do? Do you help him finish up his work? Do you give him the benefit of the doubt and place the blame on the difficulty of the project? Or do you think that he

is irresponsible? Our behaviour is a function of our perceptions. More specifically, when we observe others behave in a certain way, we ask ourselves a fundamental question: Why? Why did he fail to meet the deadline? Why did Mary get the promotion? Why did Mark help you when you needed help? The answer we give is the key to understanding our subsequent behaviour. If you believe that Mark helped you because he is a nice person, your action will be different from your response if you think that Mark helped you because your boss pressured him to.

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

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

1. **Consensus:** Do other people behave the same way?
2. **Distinctiveness:** Does this person behave the same way across different situations?
3. **Consistency:** Does this person behave this way on different occasions in the same situation?

Let's assume that, in addition to Erin, other people in the same class also complained (high consensus). Erin does not usually complain in other classes (high distinctiveness). Erin usually does not complain in finance class (low consistency). In this situation, you are likely to make an external attribution, such as thinking that finance homework is difficult. On the other hand, let's assume that Erin is the only person complaining (low consensus). Erin complains in a variety of situations (low distinctiveness), and every time she is in finance, she complains (high consistency). In this situation, you are likely to make an internal attribution, such as thinking that Erin is a negative person (Kelley, 1973).

Interestingly, though, our attributions do not always depend on the consensus, distinctiveness, and consistency we observe in a given situation. In other words, when making attributions, we do not always look at the situation objectively. For example, our overall relationship is a factor. When a manager likes a subordinate, the attributions made would be more favourable (successes are attributed to internal causes, while failures are attributed to external causes) (Heneman, Greenberger, & Anonyou, 1989). Moreover, when interpreting our own behaviour, we suffer from self-serving bias. This is the tendency to attribute our failures to the situation while attributing our successes to internal causes (Malle, 2006).

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

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

How we react to other people's behaviour would depend on the type of attributions we make. When faced with poor performance, such as missing a deadline, we are more likely to punish the person if an internal attribution is made (such as "the person being unreliable"). In the same situation, if we make an external attribution (such as "the timeline was unreasonable"), instead of punishing the person, we might extend the deadline or assign more help to the person. If we feel that someone's failure is due to external causes, we may feel empathy toward the person and even offer help (LePine & Van Dyne, 2001a). On the other hand, if someone succeeds and we make an internal attribution (he worked hard), we are more likely to reward the person, whereas an external attribution (the project was easy) is less likely to yield rewards for the person in question. Therefore, understanding attributions is important to predicting subsequent behaviour.



Exercises

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

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OpenAI. (2025). *ChatGPT*. [Large language model]. <https://chat.openai.com/chat> Prompt: create a cartoon/comic book style image of young golf course employee slacking on the job.

3.3 The Role of Ethics and National Culture



Learning Objectives

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

Individual Differences and Ethics

Our values and personality influence how ethical we behave. Situational factors, rewards, and punishments following unethical choices as well as a company's culture are extremely important, but the role of personality and personal values should not be ignored. Research reveals that people who have an economic value orientation, that is, those who value acquiring money and wealth, tend to make more unethical choices. In terms of personality, employees with an external locus of control were found to make more unethical choices (Hegarty & Sims, 1978; Hegarty & Sims, 1979; Trevino & Youngblood, 1990).

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

How we respond to the unethical behaviour of others will, to a large extent, depend on the attributions we make. If we attribute responsibility to the person in question, we are more likely to punish that person. In a study on sexual harassment that occurred after a workplace romance turned sour, results showed that if we attribute responsibility to the victim, we are less likely to punish the harasser (Pierce et al., 2004). Therefore, how we make attributions in a given situation will determine how we respond to others' actions, including their unethical behaviours.

Individual Differences Around the Globe

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

When we refer to a country's values, this does not mean that everyone in a given country shares the same values. People differ within and across nations. There will always be people who care more about money and others who care more about relationships within each culture. Yet there are also national differences in the

percentage of people holding each value. A researcher from Holland, Geert Hofstede, conducted a landmark study covering over 60 countries and found that countries differ in four dimensions: the extent to which they put individuals or groups first (individualism), whether the society subscribes to equality or hierarchy among people (power distance), the degree to which the society fears change (uncertainty avoidance), and the extent to which the culture emphasizes acquiring money and being successful (masculinity) (Hofstede, 2001). Knowing about the values held in a society will tell us what type of workplace would satisfy and motivate employees.

Are personality traits universal? Researchers found that personality traits identified in Western cultures translate well to other cultures. For example, the five-factor model of personality is universal in that it explains how people differ from each other in over 79 countries. At the same time, there is variation among cultures in the dominant personality traits. In some countries, extraverts seem to be the majority, and in some countries, the dominant trait is low emotional stability. For example, people from Europe and the United States are characterized by higher levels of extraversion compared to those from Asia and Africa. There are many factors explaining why some personality traits are dominant in some cultures. For example, the presence of democratic values is related to extraversion. Because democracy usually protects freedom of speech, people may feel more comfortable socializing with strangers as well as with friends, partly explaining the larger number of extraverts in democratic nations. Research also shows that in regions of the world that historically suffered from infectious diseases, extraversion and openness to experience were less dominant. Infectious diseases led people to limit social contact with strangers, explaining higher levels of introversion. Plus, to cope with infectious diseases, people developed strict habits for hygiene and the amount of spice to use in food, and deviating from these standards was bad for survival. This explains the lower levels of openness to experience in regions that experienced infectious diseases (McCrae & Costa, 1997; McCrae et al., 2005; Schaller & Murray, 2008).

Is basic human perception universal? It seems that there is variation around the globe in how we perceive other people as well as ourselves. One difference is the importance of the context. Studies show that when perceiving people or objects, Westerners pay more attention to the individual, while Asians pay more attention to the context. For example, in one study, when judging the emotion felt by the person, the Americans mainly looked at the face of the person in question, while the Japanese also considered the emotions of the people surrounding the focal person. In other words, the Asian subjects of the experiment derived meaning from the context as well as by looking at the person (Masuda et al., 2008).

There seems to be some variation in the perceptual biases we commit as well. For example, human beings have a tendency to self-enhance. We see ourselves in a more positive light than others do. Yet, the traits in which we self-enhance are culturally dependent. In Western cultures, people may overestimate how independent and self-reliant they are. In Asian cultures, such traits are not necessarily desirable, so they may not embellish their degree of independence. Yet, they may overestimate how cooperative and loyal to the group they are because these traits are more desirable in collectivistic cultures (Sedikides, Gaertner, & Toguchi, 2003; Sedikides, Gaertner, & Vevea, 2005).

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



Personality Around the Globe

Which nations have the highest average self-esteem? The top 10 nations in terms of self-reported self-esteem listed below are derived from the mean scores on the Rosenberg Self-Esteem Scale (RSES), which was administered to 16,998 participants across 53 nations.

1. Serbia
2. Chile
3. Israel
4. Peru
5. Estonia
6. United States
7. Turkey
8. Mexico
9. Croatia
10. Austria

(Schmitt & Allik, 2005).



Exercises

1. If ethical decision making depends partially on personality, what can organizations do to increase the frequency of ethical behaviours?
2. Do you think personality tests used in Western cultures in employee selection can be used in other cultures?

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3.4 Chapter Summary

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



Ethical Dilemma

You are applying for a job as a server in the food & beverage area at a private golf club. You have just found out that you will be given a personality assessment as part of the application process. You feel that this job requires someone who is very high in extraversion and someone who can handle stress well. You are relatively sociable and can cope with some stress, but honestly, you are not very high in either trait. The job pays well, and it is a great stepping-stone to better jobs within the club. How are you going to respond when completing the personality questions? Are you going to make an effort to represent yourself as you truly are? If so, there is a chance that you may not get the job. How about answering the questions to fit the salesperson profile? Isn't everyone doing this to some extent anyway?

Discussion Questions

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



Individual Exercise

Changing Others' Perceptions of You

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

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

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CHAPTER 4: INDIVIDUAL ATTITUDES AND BEHAVIORS

Chapter Overview

- [4.0 Work Attitudes](#)
- [4.1 Work Behaviours](#)
- [4.2 The Role of Ethics and National Culture](#)
- [4.3 Chapter Summary](#)
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4.0 Work Attitudes



Learning Objectives

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

Our behaviour at work often depends on how we feel about being there. Therefore, making sense of how people behave depends on understanding their work attitudes. An attitude refers to our opinions, beliefs, and feelings about aspects of our environment. We have attitudes toward the food we eat, the people we interact with, the courses we take, and various other things. At work, two particular job attitudes have the greatest potential to influence how we behave. These are job satisfaction and organizational commitment. **Job satisfaction** refers to the feelings people have toward their job. If the number of studies conducted on job satisfaction is an indicator, job satisfaction is probably the most important job attitude.

According to a recent Gallup survey, 65% of working individuals are satisfied with their jobs (Gallup International Association, 2024). Organizational commitment is the emotional attachment people have toward the company they work for. There is a high degree of overlap between job satisfaction and organizational commitment, because things that make us happy with our job often make us more committed to the company as well. Companies believe that these attitudes are worth tracking because they are often associated with important outcomes such as performance, helping others, absenteeism, and turnover.

How strong is the attitude-behaviour link? First of all, it depends on the attitude in question. Your attitudes toward your colleagues may influence whether you actually help them on a project, but they may not be a good predictor of whether you will quit your job. Second, it is worth noting that attitudes are more strongly related to intentions to behave in a certain way, rather than actual behaviours. When you are dissatisfied with your job, you may have the intention to leave. Whether you will actually leave is a different story! Your leaving will depend on many factors, such as the availability of alternative jobs in the market, your employability in a different company, and the sacrifices you have to make while changing jobs. In other words, while attitudes give us hints about how a person might behave, it is important to remember that behaviour is also strongly influenced by situational constraints.

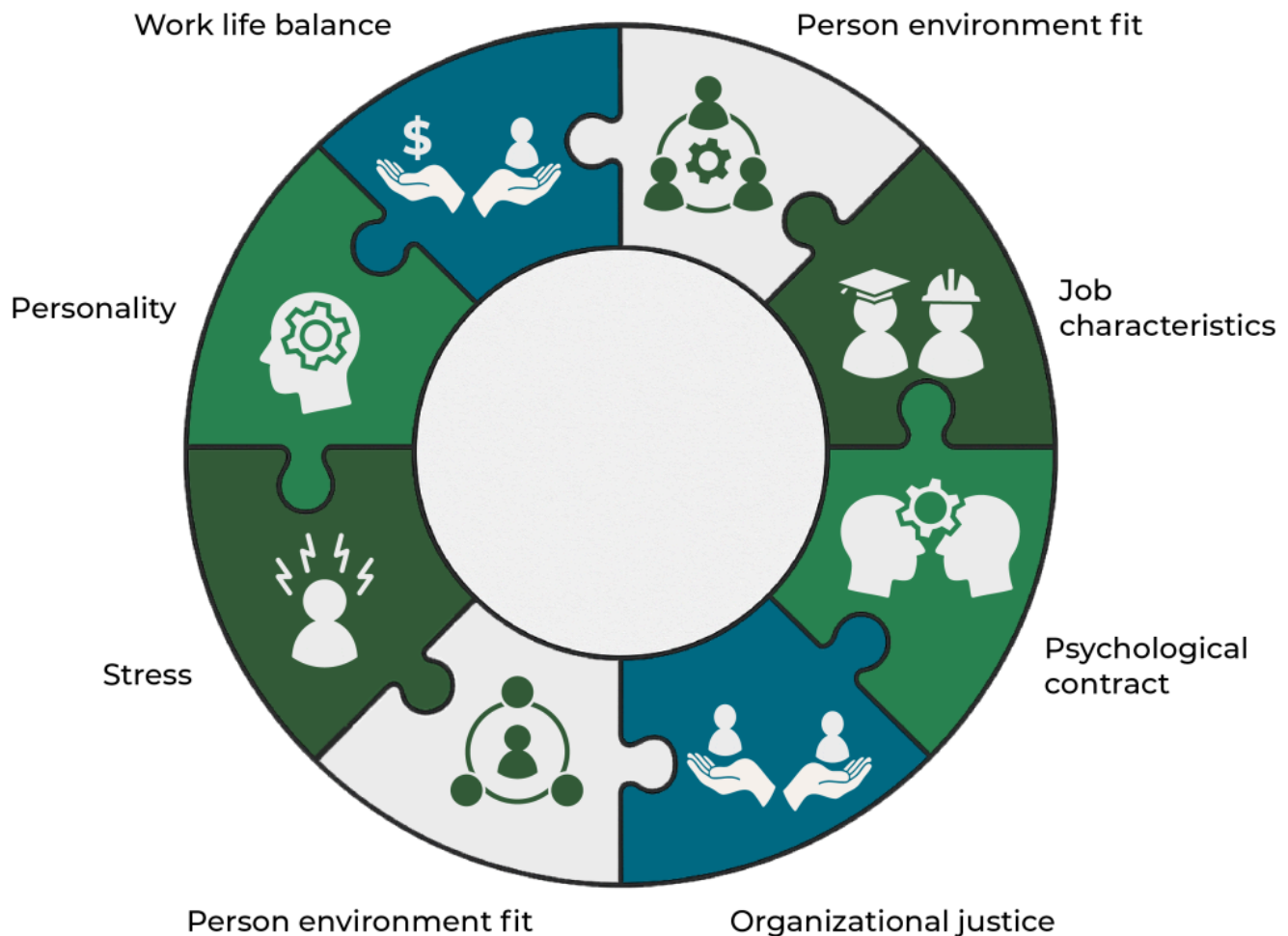


OB Toolbox: How Can You Be Happier at Work?

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

What Causes Positive Work Attitudes?

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



Factors Contributing to Job Satisfaction and Organizational Commitment, Koen Liddiard, [CC BY-NC-SA](#)

Personality

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

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

in finding jobs and companies that will make them happy and build better relationships at work, which would increase their satisfaction and commitment, or they simply see their environment as more positive—whichever the case, it seems that personality is related to work attitudes.

Person–Environment Fit

The fit between what we bring to our work environment and the environmental demands influences our work attitudes. Therefore, person–job fit and person–organization fit are positively related to job satisfaction and commitment. When our abilities match job demands and our values match company values, we tend to be more satisfied with our job and more committed to the company we work for (Kristof-Brown et al., 2005; Verquer, Beehr, & Wagner, 2003).

Job Characteristics

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

Psychological Contract

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

Organizational Justice

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

Relationships at Work

Two strong predictors of our happiness at work and commitment to the company are our relationships with coworkers and managers. The people we interact with, their degree of compassion, our level of social acceptance in our work group, and whether we are treated with respect are all important factors surrounding our happiness at work. Research also shows that our relationship with our manager, how considerate the

manager is, and whether we build a trust-based relationship with our manager are critically important to our job satisfaction and organizational commitment (Bauer et al., 2007; Gerstner & Day, 1997; Judge, Piccolo, & Ilies, 2004; Kinicki et al., 2002; Mathieu & Zajac, 1990; Meyer et al., 2002; Rhoades & Eisenberger, 2002). When our manager and upper management listen to us, care about us, and value our opinions, we tend to feel good at work. Even small actions may show employees that the management cares about them.

Stress

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

Work–Life Balance

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

Consequences of Positive Work Attitudes

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

If you say “higher performance,” you have stumbled upon one of the most controversial subjects in organizational behaviour. Many studies have been devoted to understanding whether happy employees are more productive. Some studies show weak correlations between satisfaction and performance, while others show higher correlations. Why is this so?

It seems that happy workers have an inclination to be more engaged at work. They may *want* to perform better. They may be more motivated. But there are also exceptions. Think about this: Just because you want to perform, will you actually be a higher performer? Chances are that your skill level in performing the job will matter. There are also some jobs where performance depends on factors beyond an employee's control, such as the pace of the machine they are working on. For this reason, in professional jobs such as engineering and research, we see a higher link between work attitudes and performance, as opposed to manual jobs. (Riketta, 2002). Also, think about the alternative possibility: If you don't like your job, does this mean that you will reduce your performance? Maybe up to a certain

point, but there will be factors that prevent you from reducing your performance: the fear of getting fired, the desire to get a promotion so that you can get out of the job that you dislike so much, or your professional work ethic. As a result, we should not expect a one-to-one relationship between satisfaction and performance. Still, the observed correlation between work attitudes and performance is important and has practical value.

Work attitudes are even more strongly related to organizational citizenship behaviours (behaviours that are not part of our job but are valuable to the organization, such as helping new employees or working voluntary overtime). Satisfied and committed people are absent less frequently and for shorter durations, are likely to stay with a company longer, and demonstrate less aggression at work. Just as important, people who are happy at work are happier with their lives overall. Given that we spend so much of our waking hours at work, it is no surprise that our satisfaction with our job is a big part of how satisfied we feel about life in general (Brush et al., 1987; Carsten & Spector, 1987; Cohen, 1991; Cohen, 1993; Cohen & Hudecek, 1993; Fassina, Jones, & Uggersley, 2008; Hackett, 1989; Herschcovis et al., 2007; Kinicki et al., 2002; LePine, Erez, & Johnson, 2002; Mathieu & Zajac, 1990; Meyer et al., 2002; Organ & Ryan, 1995; Randall, 1990; Scott & Taylor, 1985; Tait, Padgett, & Baldwin, 1989; Tett & Meyer, 1993; Zimmerman, 2008). Finally, a satisfied workforce seems to be related to positive firm-level outcomes, such as customer satisfaction and loyalty, profitability, and safety in the workplace (Harter, Schmidt, & Hayes, 2002).



Photo by [Dan Perry, CC BY 2.0](#)

Assessing Work Attitudes in the Workplace

Given that work attitudes may give us clues as to who will leave or stay, who will perform better, and who will be more engaged, tracking satisfaction and commitment levels is a helpful step for companies. If there are companywide issues that make employees unhappy and disengaged, then these issues need to be resolved. There are at least two systematic ways in which companies can track work attitudes: through attitude surveys and exit interviews. Companies can get more out of these surveys if responses are held confidential. If employees become concerned that their individual responses will be shared with their immediate manager, they are less likely to respond honestly. Moreover, the success of these surveys depends on the credibility of management in the eyes of employees. If management periodically collects these surveys but no action comes out of them, employees may adopt a more cynical attitude and start ignoring these surveys, hampering the success of future efforts.

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



Exercises

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

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4.1 Work Behaviours



Learning Objectives

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

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

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

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

Job Performance

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

What Are the Major Predictors of Job Performance?

Under which conditions do people perform well, and what are the characteristics of high performers? These questions received a lot of research attention. It seems that the most powerful influence over our job performance is our general mental ability, or cognitive abilities. Our reasoning abilities, verbal and numerical skills, analytical skills, and overall intelligence level seems to be important across most situations. It seems that

general mental ability starts influencing us early in life; it is strongly correlated with measures of academic success (Kuncel, Hezlett, & Ones, 2004). As we grow and mature, cognitive ability is also correlated with different measures of job performance (Bertua et al., 2005; Kuncel, Hezlett, & Ones, 2004; Salgado et al., 2003; Schmidt & Hunter, 2004; Vinchur et al., 1998). General mental ability is important for job performance across different settings, but there is also variation. In jobs with high complexity, it is much more critical to have high general mental abilities. In jobs such as working in management, sales or other professional areas, this ability is much more important, whereas for jobs involving manual labour or clerical work, the importance of high mental abilities for high performance is weaker (yet still important).

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

Following the quality of treatment, the *stress* we experience determines our performance level. When we experience high levels of stress, our mental energies are drained. Instead of focusing on the task at hand, we start concentrating on the stressor and become distracted trying to cope with it. Because our attention and energies are diverted to deal with stress, our performance suffers. Having role ambiguity and experiencing conflicting role demands are related to lower performance (Gilboa et al., 2008). Stress that prevents us from doing our jobs does not have to be related to our experiences at work. When people are in debt, are constantly worrying about mortgage or tuition payments, or are having trouble paying for essentials such as gas and food, their performance will suffer (Zaki, 2024).

Our *work attitudes*, specifically job satisfaction, are moderate correlates of job performance. When we are satisfied with the job, we may perform better. This relationship seems to exist in jobs with greater levels of complexity and weakens in simpler and less complicated jobs. It is possible that in less complex jobs, our performance depends more on the machinery we work with or organizational rules and regulations. In other words, people may have less leeway to reduce performance in these jobs. Also, in some jobs, people do not reduce their performance even when dissatisfied. (Judge et al., 2001).

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

Organizational Citizenship Behaviours

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

What are the major predictors of citizenship behaviours? Unlike performance, citizenship behaviours do not depend so much on one's abilities. Job performance, to a large extent,



Organizational citizenship behaviours are voluntary actions, such as helping a coworker. Image by [JAXPORT](#), [CC BY-NC 2.0](#)

depends on our general mental abilities. When you add the education, skills, knowledge, and abilities that are needed to perform well, the role of motivation in performance becomes more limited. As a result, someone being motivated will not necessarily translate into a person performing well. For citizenship behaviours, the motivation-behaviour link is clearer. We help others around us if we feel motivated to do so.

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

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

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

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

Absenteeism



Photo by ChatGPT

Absenteeism refers to unscheduled absences from work. Absenteeism is costly to companies because of its unpredictable nature. When an employee has an unscheduled absence from work, companies struggle to find replacement workers at the last minute. This may involve hiring contingent workers, having other employees work overtime, or scrambling to cover for an absent coworker.

What causes absenteeism? First, we need to look at the type of absenteeism. Some absenteeism is unavoidable and is related to *health reasons*. For example, reasons such as lower back pain, migraines, accidents on or off the job, or acute stress are important reasons for absenteeism (Farrell & Stamm, 1988; Martocchio, Harrison, & Berkson, 2000). Health-related absenteeism is costly, but dealing with such absenteeism by using organizational policies penalizing absenteeism is both unreasonable and unfair. A sick employee who shows up at work will infect coworkers and will not be productive. Instead,

companies are finding that programs aimed at keeping workers healthy are effective in dealing with this type

of absenteeism. Companies using wellness programs that educate employees about proper nutrition, help them exercise, and reward them for healthy habits are related to reduced absenteeism (Parks & Steelman, 2008).

Work-life balance is another common reason for absences. Staying home to care for a sick child or relative, attending the wedding of a friend or relative, or skipping work to study for an exam are all common reasons for unscheduled absences. Companies may deal with these by giving employees more flexibility in work hours. If employees can manage their own time, they are less likely to be absent (Baltes et al., 1999).

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

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



OB Toolbox: Dealing with Late Coworkers

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

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

(DeLonzor, 2005; Grainge, 2006).

Turnover

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

Turnover Reasons

- An *employee's performance level*. People who perform poorly are actually more likely to leave. These people may be fired or be encouraged to quit, or they may quit because of their fear of being fired.
- *Work attitudes* are often the primary culprit in why people leave. When workers are unhappy at work and

are not attached to their companies, they are more likely to leave. Their ability to actually leave will depend on many factors, such as their employability and the condition of the job market. This is a considerable concern in the golf and club industry, based on the seasonal nature of employment. Clubs need to develop clear pathways for employees to move upward within the organization.

- *Stress at work.* Stressors such as role conflict and role ambiguity drain energy and motivate people to seek alternatives. For example, call-center employees experience a great deal of stress in the form of poor treatment from customers, long work hours, and constant monitoring of their every action. Companies such as EchoStar Corporation realize that one method for effectively retaining their best employees is to give employees opportunities to move to higher responsibility jobs elsewhere in the company. When a stressful job is a step toward a more desirable job, employees seem to stick around longer (Griffeth, Hom, & Gaertner, 2000; Podsakoff, LePine, & LePine, 2007).
- *Personality* is a factor in the decision to quit one's job. People who are conscientious, agreeable, and emotionally stable are less likely to quit their jobs. Many explanations are possible. People with these personality traits may perform better at work, which leads to lower quit rates. Additionally, they may have better relations with coworkers and managers, which is a factor in their retention. Whatever the reason, it seems that some people are likely to stay longer at any given job regardless of the circumstances (Salgado, 2002; Zimmerman, 2008).
- *Age and employment length.* It seems that younger employees are more likely to leave. This is not surprising because people who are younger will have fewer responsibilities, such as supporting a household or dependents. As a result, they can quit a job they don't like much more easily. Similarly, people who have been with a company for a short period of time may quit more easily. New employees experience a lot of stress at work, and there is usually not much keeping them in the company, such as established bonds with a manager or colleagues. New employees may even have ongoing job interviews with other companies when they start working; therefore, they may leave more easily. (Cohen, 1991; Cohen, 1993; Ebeling, 2007).



OB Toolbox: Tips for Leaving Your Job Gracefully

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

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

(Challenger, 1992; Daniels, C., & Vinzant, 2000; Schroeder, 2005; Woolnough, 2003)



Exercises

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

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OpenAI. (2025). *ChatGPT*. [Large language model]. <https://chat.openai.com/chat> Prompt: Create a photo of a golf course pro shop with a help wanted sign in the window.

4.2 The Role of Ethics and National Culture



Learning Objectives

1. Discuss the role of job attitudes on ethical behaviour.
2. Discuss the role of national culture on job attitudes and behaviours.

Job Attitudes, Behaviours, and Ethics

People prefer to work in companies that have an ethical environment. Studies show that when an organization has a moral climate that values doing the right thing, people tend to be happier at work, more committed to their companies, and less likely to want to leave. In other words, in addition to increasing the frequency of ethical behaviours, the presence of an ethical climate will attract people to a company. An ethical climate is related to performing citizenship behaviours in which employees help each other and their supervisors, and perform many behaviours that are not part of their job descriptions (Leung, 2008; Mulki, Jaramillo, & Locander, 2006; Valentine, Greller, & Richtermeyer, 2006).

If people are happy at work and committed to the company, do they behave more ethically? This connection is not as clear. In fact, loving your job and being committed to the company may prevent you from realizing that the company is doing anything wrong. One study showed that when people were highly committed to their company, they were less likely to recognize organizational wrongdoing and less likely to report the problem to people within the organization. Whistleblowers, or people who reported wrongdoing, were more likely to have moderate levels of commitment to the company. It is possible that those people who identify with a company are blind to its faults (Somers & Casal, 1994).

Companies trying to prevent employees from behaving unethically face a dilemma. One way of reducing unethical behaviours is to monitor employees closely. However, when people are closely monitored through video cameras, when their e-mails are routinely read, and when their online activities are closely monitored, employees are more likely to feel that they are being treated unfairly and with little respect. Therefore, high levels of employee monitoring, while reducing the frequency of unethical behaviours, may reduce job satisfaction and commitment, as well as work performance and citizenship behaviours. Instead of monitoring and punishing employees, organizations can reduce unethical behaviour by creating an ethical climate and making ethics a shared value (Crossen, 1993).

Job Attitudes Around the Globe

Do the same things satisfy people around the globe? Even though many of the findings regarding satisfaction are generalizable to different cultures, some research reveals that differences may also exist. In one study comparing job satisfaction in 20 countries, work-family conflict was found to lower job satisfaction only in

individualistic cultures. It is possible that in collectivistic cultures, when people have to make sacrifices for work, they may compensate by forming better relations with coworkers, which prevents employees from being dissatisfied. There is also evidence that while autonomy and empowerment are valued in the United States, Mexico, and Poland, high levels of empowerment were related to lower job satisfaction in India (Robert et al., 2000; Spector et al., 2007). Despite some variation, major factors that make people happy, such as being treated well and having good relations with others, are likely to generalize across cultures.

Culture also influences work behaviours. Behaviours regarded as citizenship behaviours in the United States or other Western cultures, such as helping a new coworker learn the job, may be viewed as part of a person's job performance in other cultures. Research shows that managers in cultures such as Hong Kong and Japan define job performance more broadly. For example, the willingness to tolerate less than ideal circumstances within the company without complaining was viewed as part of someone's job in Hong Kong, whereas this was viewed as more discretionary in the United States and Australia. Norms regarding absenteeism and turnover are also subject to cultural differences. One study shows that in China, absence from work because of one's illness, stress, or depression was relatively unacceptable, while in Canada, these reasons were viewed as legitimate reasons for being absent (Johns & Xie, 1998; Lam, Hui, & Law, 1999).



Exercises

1. Which factors related to work attitudes in Western cultures should also be related to work attitudes in other cultures? Are there any that you think would not be important in a different culture you are familiar with?
2. Do you think people leave their jobs for the same reasons around the world? If not, explain why you think so.

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4.3 Chapter Summary

Work attitudes, including job satisfaction and organizational commitment, are key emotional responses individuals have toward their job and work environment. These attitudes influence important outcomes such as job performance, absenteeism, turnover, and organizational citizenship behaviours—voluntary actions that go beyond formal job requirements. Positive work attitudes can be shaped by personal traits, perceived fairness, work-life balance, and interpersonal relationships at work. In turn, these attitudes influence not only individual behaviours but also broader organizational outcomes such as safety, customer service, and overall performance.

Job performance and citizenship behaviours are crucial for organizational success, while absenteeism and turnover represent costly challenges. Mental abilities strongly predict performance, but motivation and treatment in the workplace play major roles in citizenship behaviours. Poor work attitudes, stress, and youthfulness often contribute to absenteeism and turnover. Moreover, ethical climate intersects with work attitudes; while a committed workforce supports performance, it may also reduce vigilance toward unethical practices. Companies must balance cultivating positive attitudes and ethical oversight, especially in diverse, global settings where cultural differences shape expectations and behaviours.



Ethical Dilemma

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

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



Individual Exercise

Reading and Responding to Employee Social Media Posts

You found out that one (unidentified) employee from your Golf Course has been posting on social media about the company. Other current and ex-employees are also posting on this Social Media Feed, and the picture they are painting is less than flattering. They are talking about their gripes, such as long work hours and below-market pay, and how the golf course is not great compared to those of competitors. Worse, they are talking about the people in the company by name. A couple of posts mention you by name and call you unfair and unreasonable.

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



Group Exercise

Exit Interview Role-Play and Developing an Attitude Survey

This role-play will be played by three students. One student will be an employee from the human resources (HR) department conducting the interview, the second will be the employee who is leaving, and the third will be an observer. The HR employee and the departing employee will conduct an exit interview. At the conclusion of the interview, the observer will provide feedback to the HR employee regarding how the interview could have been improved and how the employee could have been more open.

Part 1: Role-Play

Be sure to read only the role sheet assigned to you.

Part 2: Review

In groups of three, review the information gathered from the exit interview. Many of these problems may be affecting the rest of the employees. Develop an attitude survey to be distributed to remaining employees of this company. Develop questions based on what came out of the interview as well as other areas you feel may be important to know. Discuss how the surveys would be administered and what would be done to (a) have a high response rate and (b) ensure the accuracy of responses.

“[4.6: Conclusion](#)” & “[4.7: Exercises](#)” from [Organizational Behavior](#) by LibreTexts is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 3.0 International License](#), except where otherwise noted.

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CHAPTER 5: THEORIES OF MOTIVATION

Chapter Overview

- [5.0 Need-Based Theories of Motivation](#)
- [5.1 Process-Based Theories](#)
- [5.2 The Role of Ethics and National Culture](#)
- [5.3 Chapter Summary](#)
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5.0 Need-Based Theories of Motivation



Learning Objectives

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



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

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

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

The earliest studies of motivation involved an examination of individual needs. Specifically, early researchers thought that employees try hard and demonstrate goal-driven behaviour in order to satisfy needs. For

example, an employee who is always walking around the office talking to people may have a need for companionship, and his behaviour may be a way of satisfying this need. At the time, researchers developed theories to understand what people need. Four theories may be placed under this category: Maslow's hierarchy of needs, ERG theory, Herzberg's two-factor theory, and McClelland's acquired-needs theory.

Maslow's Hierarchy of Needs

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

Maslow's Hierarchy of Needs



"Maslow's Hierarchy of Needs" by Nmilligan, CC BY-SA 4.0

The most basic of Maslow's needs are physiological needs. Physiological needs refer to the need for food, water, and other biological needs. These needs are basic because when they are lacking, the search for them may overpower all other urges. Imagine being very hungry. At that point, all your behaviour may be directed at

finding food. Once you eat, though, the search for food ceases, and the promise of food no longer serves as a motivator. Once physiological needs are satisfied, people tend to become concerned about safety needs. Are they free from the threat of danger, pain, or an uncertain future? On the next level up, social needs refer to the need to bond with other human beings, be loved, and form lasting attachments with others. In fact, attachments, or lack of them, are associated with our health and well-being (Baumeister & Leary, 1995). The satisfaction of social needs makes esteem needs more salient. Esteem needs refer to the desire to be respected by one's peers, feel important, and be appreciated. Finally, at the highest level of the hierarchy, the need for self-actualization refers to "becoming all you are capable of becoming." This need manifests itself in the desire to acquire new skills, take on new challenges, and behave in a way that will lead to the attainment of one's life goals.

Maslow was a clinical psychologist, and his theory was not originally designed for work settings. In fact, his theory was based on his observations of individuals in clinical settings; some of the individual components of the theory found little empirical support. One criticism relates to the order in which the needs are ranked. It is possible to imagine that individuals who go hungry and are in fear of their lives might retain strong bonds to others, suggesting a different order of needs. Moreover, researchers failed to support the arguments that once a need is satisfied, it no longer serves as a motivator and that only one need is dominant at a given time (Neher, 1991; Rauschenberger, Schmitt, & Hunter, 1980).

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

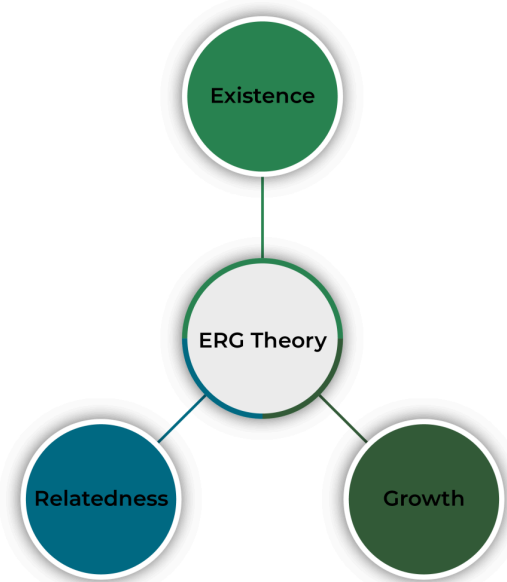
How can an organization satisfy its employees' various needs? In the long run, physiological needs may be satisfied by the person's paycheck, but it is important to remember that pay may satisfy other needs, such as safety and esteem, as well. Providing generous benefits that include health insurance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

ERG Theory

ERG theory, developed by Clayton Alderfer, is a modification of Maslow's hierarchy of needs (Alderfer, 1969). Instead of the five needs that are hierarchically organized, Alderfer proposed that basic human needs may be grouped under three categories, namely, existence, relatedness, and growth. Existence corresponds to

Maslow's physiological and safety needs, relatedness corresponds to social needs, and growth refers to Maslow's esteem and self-actualization.

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



Two-Factor Theory

Frederick Herzberg approached the question of motivation in a different way. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them (Herzberg, Mausner, & Snyderman, 1959; Herzberg, 1965). Herzberg labelled factors causing dissatisfaction of workers as "hygiene" factors because these factors were part of the context in which the job was performed, as opposed to the job itself. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. To illustrate, imagine that you are working in an unpleasant work environment. Your office is too hot in the summer and too cold in the winter. You are being harassed and mistreated. You would certainly be miserable in such a work environment. However, if these problems were solved (your office temperature is just right and you are not harassed at all), would you be motivated? Most likely, you would take the situation for granted. In fact, many factors in our work environment are things that we miss when they are absent but take for granted if they are present.

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

Hygiene Factors

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

Motivators

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

Table: The two-factor theory of motivation includes hygiene factors and motivators. (Herzberg, Mausner, & Snyderman, 1959).

Herzberg's research is far from being universally accepted (Cummings & Elsalmi, 1968; House & Wigdor, 1967). One criticism relates to the primary research methodology employed when arriving at hygiene versus motivators. When people are asked why they are satisfied, they may attribute the causes of satisfaction to themselves, whereas when explaining what dissatisfies them, they may blame the situation. The classification of the factors as hygiene or motivator is not that simple either. For example, the theory views pay as a hygiene

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

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

Acquired-Needs Theory

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

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

If the story you come up with contains themes of success, meeting deadlines, or coming up with brilliant ideas, you may be high in need for achievement. Those who have high need for achievement have a strong need to be successful. As children, they may be praised for their hard work, which forms the foundations of their persistence (Mueller & Dweck, 1998). As adults, they are preoccupied with doing things better than they did in the past. These individuals are constantly striving to improve their performance. They relentlessly focus on goals, particularly stretch goals that are challenging in nature (Campbell, 1982). They are particularly suited to positions such as sales, where there are explicit goals, feedback is immediately available, and their effort often leads to success. In fact, they are more attracted to organizations that are merit-based and reward performance rather than seniority. They also do particularly well as entrepreneurs, scientists, and engineers (Harrell & Stahl, 1981; Trevis & Certo, 2005; Turban & Keon, 1993).

Are individuals who are high in need for achievement effective managers? Because of their success in lower-level jobs where their individual contributions matter the most, those with a high need for achievement are often promoted to higher-level positions (McClelland & Boyatzis, 1982). However, a high need for achievement has significant disadvantages in management positions. Management involves getting work done by motivating others. When a salesperson is promoted to be a sales manager, the job description changes from actively selling to recruiting, motivating, and training salespeople. Those who are high in need for achievement may view managerial activities such as coaching, communicating, and meeting with subordinates as a waste of time and may neglect these aspects of their jobs. Moreover, those high in need for achievement enjoy doing things themselves and may find it difficult to delegate any meaningful authority to their subordinates. These individuals often micromanage, expecting others to approach tasks a particular way, and may become overbearing bosses by expecting everyone to display high levels of dedication (McClelland & Burnham, 1976).

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

friends (Wong & Csikszentmihalyi, 1991). Their emphasis on harmonious interpersonal relationships may be an advantage in jobs and occupations requiring frequent interpersonal interaction, such as a social worker or teacher. In managerial positions, a high need for affiliation may again serve as a disadvantage because these individuals tend to be overly concerned about how they are perceived by others. They may find it difficult to perform some aspects of a manager's job, such as giving employees critical feedback or disciplining poor performers. Thus, the work environment may be characterized by mediocrity and may even lead to high performers leaving the team.

Finally, if your story contains elements of getting work done by influencing other people or desiring to make an impact on the organization, you may have a high need for power. Those with a high need for power want to influence others and control their environment. A need for power may, in fact, be a destructive element in relationships with colleagues if it takes the form of seeking and using power for one's own good and prestige. However, when it manifests itself in more altruistic forms, such as changing the way things are done so that the work environment is more positive, or negotiating more resources for one's department, it tends to lead to positive outcomes. In fact, the need for power is viewed as an important trait for effectiveness in managerial and leadership positions (McClelland & Burnham, 1976; Spangler & House, 1991; Spreier, 2006).

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



Exercises

1. Many managers assume that if an employee is not performing well, the reason must be a lack of motivation. Do you think this reasoning is accurate? What is the problem with the assumption?
2. Review Maslow's hierarchy of needs. Do you agree with the particular ranking of employee needs?
3. How can an organization satisfy employee needs that are included in Maslow's hierarchy?
4. Which motivation theory have you found to be most useful in explaining why people behave in a certain way? Why?
5. Review the hygiene and motivators in the two-factor theory of motivation. Do you agree with the distinction between hygiene factors and motivators? Are there any hygiene factors that you would consider to be motivators?
6. A friend of yours demonstrates the traits of achievement motivation: This person is competitive, requires frequent and immediate feedback, and enjoys accomplishing things and doing things better than he did before. He has recently been promoted to a managerial position and seeks your advice. What would you tell him?

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5.1 Process-Based Theories



Learning Objectives

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

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

Equity Theory



Example

Imagine that you are paid \$20 an hour working as a pro shop attendant. You have held this job for 6 months. You are very good at what you do, you come up with creative ways to make things easier around you, and you are a good colleague who is willing to help others. You stay late when necessary and are flexible if requested to change hours. Now imagine that you found out they are hiring another employee who is going to work with you, who will hold the same job title, and who will perform the same type of tasks. This particular person has more advanced computer skills, but it is unclear whether these will be used on the job. The starting pay for this person will be \$24 an hour. How would you feel? Would you be as motivated as before, going above and beyond your duties? How would you describe what you would be feeling?



ChatGPT

Person

Referent Other

$$\frac{\text{Outcomes}}{\text{Inputs}} = \frac{\text{Outcomes}}{\text{Inputs}}$$

Equity is determined by comparing one's input-outcome ratio with the input-outcome ratio of a referent. When the two ratios are equal, equity exists (Adams, 1965).

If your reaction to this scenario is along the lines of “this would be unfair,” your behaviour may be explained using equity theory (Adams, 1965). According to this theory, individuals are motivated by a sense of fairness in their interactions. Moreover, our sense of fairness is a result of the social comparisons we make. Specifically, we compare our inputs and outcomes with those of other people. We perceive fairness if we believe that the input-to-outcome ratio we are bringing into the situation is similar to the input-to-outcome ratio of a comparison person, or a referent. Perceptions of inequity create tension within us and drive us to action that will reduce perceived inequity.

What Are Inputs and Outcomes?

Inputs are the contributions people feel they are making to the environment. In the previous example, the person's hard work, loyalty to the organization, amount of time with the organization, and level of education, training, and skills may have been relevant inputs. Outcomes are the perceived rewards someone can receive from the situation.

For the hourly wage employee in our example, the \$20 an hour pay rate was a core outcome. There may also be other, more peripheral outcomes, such as acknowledgment or preferential treatment from a manager. In the prior example, however, the person may reason as follows: I have been working here for 6 months. I am loyal, and I perform well (inputs). I am paid \$20 an hour for this (outcomes). The new person does not have any experience here (referent's inputs) but will be paid \$24 an hour. This situation is unfair.

We should emphasize that equity perceptions develop as a result of a subjective process. Different people may look at the same situation and perceive different levels of equity. For example, another person may look at the same scenario and decide that the situation is fair because the newcomer has computer skills and the company is paying extra for those skills.

Who Is the Referent?

The referent other may be a specific person as well as a category of people. Referents should be comparable to us otherwise, the comparison is not meaningful. It would be pointless for a student worker to compare himself to the GM/COO of the golf club, given the differences in the nature of inputs and outcomes. Instead, individuals may compare themselves to someone performing similar tasks within the same organization or, in the case of a GM/COO, a different organization.

Reactions to Unfairness

The theory outlines several potential reactions to perceived inequity. Oftentimes, the situation may be dealt with perceptually by *altering our perceptions of our own or the referent's inputs and outcomes*. For example, we may justify the situation by downplaying our own inputs (I don't really work very hard on this job), valuing our outcomes more highly (I am gaining valuable work experience, so the situation is not that bad), distorting the other person's inputs (the new hire really is more competent than I am and deserves to be paid more), or distorting the other person's outcomes (she gets \$24 an hour but will have to work with a lousy manager, so the situation is not unfair). Another option would be to *have the referent increase inputs*. If the other person brings more to the situation, getting more out of the situation would be fair. If that person can be made to work harder or work on more complicated tasks, equity would be achieved. The person experiencing a perceived inequity may also *reduce inputs or attempt to increase outcomes*. If the lower-paid person puts forth less effort, the perceived inequity would be reduced. Research shows that people who perceive inequity reduce their work performance or reduce the quality of their inputs (Carrell & Dittrich, 1978; Goodman & Friedman, 1971). Increasing one's outcomes can be achieved through legitimate means such as negotiating a pay raise. At the same time, research shows that those feeling inequity sometimes resort to stealing to balance the scales (Greenberg, 1993). Other options include *changing the comparison person* (e.g., others doing similar work in different organizations are paid only minimum wage) and *leaving the situation* by quitting (Schmidt & Marwell, 1972). Sometimes it may be necessary to consider taking legal action as a potential outcome of perceived inequity.

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

Table: Potential Responses to Inequity (Carrell & Dittrich, 1978; Goodman & Friedman, 1971; Greenberg, 1993; Schmidt & Marwell, 1972).

Overpayment Inequity

What would you do if you felt you were over-rewarded? In other words, how would you feel if you were the new

employee in our student-worker scenario? Originally, equity theory proposed that over-rewarded individuals would experience guilt and would increase their effort to restore perceptions of equity. However, research does not provide support for this argument. Instead, it seems that individuals experience less distress as a result of being over-rewarded (Austin & Walster, 1974). It is not hard to imagine that individuals find perceptual ways to deal with a situation like this, such as believing they have more skills and bring more to the situation compared to the referent person. Therefore, research does not support equity theory's predictions with respect to people who are overpaid (Evan & Simmons, 1969).

Individual Differences in Reactions to Inequity

So far, we have assumed that once people feel a situation is inequitable, they will be motivated to react. However, does inequity disturb everyone equally? Researchers have identified a personality trait that explains different reactions to inequity and named this trait equity sensitivity (Huseman, Hatfield, & Miles, 1987). Equity-sensitive individuals expect to maintain equitable relationships, and they experience distress when they feel they are over-rewarded or under-rewarded. At the same time, there are some individuals who are benevolents, those who give without waiting to receive much in return, and entitlements, who expect to receive substantial compensation for relatively little input. Therefore, the theory is more useful in explaining the behaviour of equity-sensitive individuals, and organizations will need to pay particular attention to how these individuals view their relationships.

Fairness Beyond Equity: Procedural and Interactional Justice

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

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



Dimensions of Organizational Justice.

This may be viewed as adding insult to injury. When people do not get the rewards they want, they tend to hold management responsible if procedures are not fair (Brockner et al., 2007).

Why do employees care about procedural justice? There are three potential reasons (Cropanzano, Bowen, & Gilliland, 2007; Tyler, 1994; Tyler, Degoe, & Smith, 1996). First, people tend to believe that fairness is an end in itself, and it is the right thing to do. Second, fair processes guarantee future rewards. If your name were picked out of a hat, you have no control over the process, and there is no guarantee that you will get future promotions. If the procedures are fair, you are more likely to believe that things will work out in the future. Third, fairness communicates that the organization values its employees and cares about their well-being.

Research has identified many ways of achieving procedural justice. For example, giving employees *advance notice* before laying them off, firing them, or disciplining them is perceived as fair (Kidwell, 1995). Advance notice helps employees get ready for the changes facing them or gives them an opportunity to change their behaviour before it is too late. *Allowing employees' voice in decision making* is also important (Alge, 2001; Kernan & Hanges, 2002; Lind, Kanfer, & Earley, 1990). When designing a performance-appraisal system or implementing a reorganization, it may be a good idea to ask people for their input because it increases perceptions of fairness. Even when it is not possible to have employees participate, providing *explanations* to employees is helpful in fostering procedural justice (Schaubroeck, May, & William, 1994). Finally, people expect *consistency* in treatment (Bauer et al., 1998). If one person is given extra time when taking a test while another is not, individuals would perceive decision making as unfair.

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



OB Toolbox: Be a Fair Person!

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

(Colquitt, 2004; Cropanzano, Bowen, & Gilliland, 2007).

Employers would benefit from paying attention to all three types of justice perceptions. In addition to being the right thing to do, paying attention to justice perceptions leads to outcomes companies care about. Injustice is directly harmful to employees' psychological health and well-being and contributes to stress (Greenberg, 2004; Tepper, 2001). High levels of justice create higher levels of employee commitment to organizations, and they are related to higher job performance, higher levels of organizational citizenship (behaviours that are not part of one's job description but help the organization in other ways, such as speaking positively about the company and helping others), and higher levels of customer satisfaction. Conversely, low levels of justice lead to retaliation and support of unionization (Blader, 2007; Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Cropanzano, Bowen, & Gilliland, 2007; Masterson, 2001; Masterson et al., 2000; Moorman, 1991; Skarlicki & Folger, 1997).

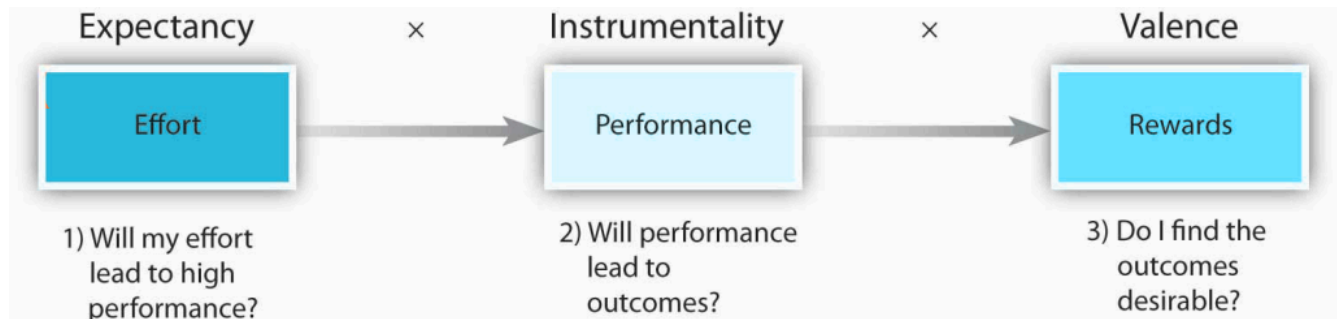
Expectancy Theory

According to expectancy theory, individual motivation to put forth more or less effort is determined by a rational calculation in which individuals evaluate their situation (Porter & Lawler, 1968; Vroom, 1964). According to this theory, individuals ask themselves three questions.

1. Does the person believe that high levels of effort will lead to outcomes of interest, such as performance or

success? This perception is labelled *expectancy*. For example, do you believe that the effort you put forth in a class is related to performing well in that class? If you do, you are more likely to put forth effort.

2. What is the degree to which the person believes that performance is related to subsequent outcomes, such as rewards? This perception is labelled *instrumentality*. For example, do you believe that getting a good grade in the class is related to rewards such as getting a better job, or gaining approval from your instructor, or from your friends or parents? If you do, you are more likely to put forth effort.
3. What is the value of the reward awaiting them as a result of their performance? The anticipated satisfaction that will result from an outcome is labelled *valence*. For example, do you value getting a better job, or gaining approval from your instructor, friends, or parents? If these outcomes are desirable to you, your expectancy and instrumentality are high, and you are more likely to put forth effort.



Summary of Expectancy Theory (Porter & Lawler, 1968; Vroom, 1964).

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

- *Expectancy*: Can I do it? If I try harder, can I really achieve this number? Is there a link between how hard I try and whether I reach this goal or not? If you feel that you can achieve this number if you try, you have high expectancy.
- *Instrumentality*: What is in it for me? What is going to happen if I reach 300? What are the outcomes that will follow? Are they going to give me a 2% pay raise? Am I going to be named the salesperson of the month? Am I going to receive verbal praise from my manager? If you believe that performing well is related to certain outcomes, instrumentality is high.
- *Valence*: How do I feel about the outcomes in question? Do I feel that a 2% pay raise is desirable? Do I find being named the salesperson of the month attractive? Do I think that being praised by my manager is desirable? If your answers are yes, valence is positive. In contrast, if you find the outcomes undesirable (you definitely do not want to be named the salesperson of the month because your friends would make fun of you), valence is negative.

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

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

Influencing Expectancy Perceptions

Employees may not believe that their effort leads to high performance for a multitude of reasons. First, they may not have the skills, knowledge, or abilities to successfully perform their jobs. The answer to this problem may be training employees or hiring people who are qualified for the jobs in question. Second, low levels of expectancy may be because employees may feel that something other than effort predicts performance, such as political behaviours on the part of employees. If employees believe that the work environment is not conducive to performing well (resources are lacking or roles are unclear), expectancy will also suffer. Therefore, clearing the path to performance and creating an environment in which employees do not feel restricted will be helpful. Finally, some employees may perceive little connection between their effort and performance level because they have an external locus of control, low self-esteem, or other personality traits that condition them to believe that their effort will not make a difference. In such cases, providing positive feedback and encouragement may help motivate employees.

Influencing Instrumentality Perceptions

Showing employees that their performance is rewarded is going to increase instrumentality perceptions. Therefore, the first step in influencing instrumentality is to connect pay and other rewards to performance using bonuses, award systems, and merit pay. However, this is not always sufficient, because people may not be aware of some of the rewards awaiting high performers. Publicizing any contests or award programs is needed to bring rewards to the awareness of employees. It is also important to highlight that performance, not something else, is being rewarded. For example, if a golf course has an employee of the month award that is rotated among employees, employees are unlikely to believe that performance is being rewarded. This type of meritless reward system may actually hamper the motivation of the highest-performing employees by eroding instrumentality.

Influencing Valence

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

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

Figure 5.10 Ways in Which Managers Can Influence Expectancy, Instrumentality, and Valence

Reinforcement Theory

Reinforcement theory is based on the work of Ivan Pavlov on behavioural conditioning and the later work of B. F. Skinner on operant conditioning (Skinner, 1953). According to reinforcement theory, behaviour is a function of its outcomes. Imagine that even though no one asked you to, you stayed late and drafted a report. When the manager found out, she was ecstatic and took you out to lunch and thanked you genuinely. The consequences following your good deed were favourable, and therefore, you are more likely to demonstrate similar behaviours in the future. In other words, your taking initiative was reinforced. Instead, if your manager had said nothing about it and everyone ignored the sacrifice you made, you are less likely to demonstrate similar behaviours in the future.

Reinforcement theory is based on a simple idea that may be viewed as common sense. Beginning at infancy, we learn through reinforcement. If you have observed a small child discovering the environment, you will see reinforcement theory in action. When the child discovers that manipulating a faucet leads to water coming out and finds this outcome pleasant, he is more likely to repeat the behaviour. If he burns his hand while playing with hot water, the child is likely to stay away from the faucet in the future.

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

Reinforcement Interventions

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

Positive Reinforcement

Positive behaviour followed by positive consequences (Manager praises the employee)

Punishment

Negative behaviour followed by negative consequences (The Manager demotes the employee)

Negative Reinforcement

Positive behaviour followed by removal of negative consequences (Manager stops nagging the employee)

Extinction

Negative behaviour followed by removal of positive consequences (Manager ignores the behaviour)

- **Positive reinforcement** is a method of increasing the desired behaviour (Beatty & Schneier, 1975). Positive reinforcement involves making sure that behaviour is met with positive consequences. For example, praising an employee for treating a customer respectfully is an example of positive reinforcement. If the praise immediately follows the positive behaviour, the employee will see a link between the behaviour and positive consequences and will be motivated to repeat similar behaviours.
- **Negative reinforcement** is also used to increase the desired behaviour. Negative reinforcement involves removal of unpleasant outcomes once desired behaviour is demonstrated. Nagging an employee to complete a report is an example of negative reinforcement. The negative stimulus in the environment will remain present until positive behaviour is demonstrated. The problem with negative reinforcement is that the negative stimulus may lead to unexpected behaviours and may fail to stimulate the desired behaviour. For example, the person may start avoiding the manager to avoid being nagged.
- **Extinction** is used to decrease the frequency of negative behaviours. Extinction is the removal of rewards

following negative behaviour. Sometimes, negative behaviours are demonstrated because they are being inadvertently rewarded. For example, it has been shown that when people are rewarded for their unethical behaviours, they tend to demonstrate higher levels of unethical behaviours (Harvey & Sims, 1978). Thus, when the rewards following unwanted behaviours are removed, the frequency of future negative behaviours may be reduced. For example, if a coworker is forwarding unsolicited text messages containing jokes, commenting and laughing at these jokes may be encouraging the person to keep forwarding these messages. Completely ignoring such messages may reduce their frequency.

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



OB Toolbox: Be Effective in Your Use of Discipline

As a manager, sometimes you may have to discipline an employee to eliminate unwanted behaviour. Here are some tips to make this process more effective.

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

*Before considering the above actions, consult your HR department

A systematic way in which reinforcement theory principles are applied is called Organizational Behaviour Modification (Luthans & Stajkovic, 1999). This is a systematic application of reinforcement theory to modify employee behaviours in the workplace. The model consists of five stages. The process starts with identifying the behaviour that will be modified. Let's assume that we are interested in reducing absenteeism among employees.

In step 2, we need to measure the baseline level of absenteeism. How many times a month is a particular employee absent? In step 3, the behaviour's antecedents and consequences are determined. Why is this employee absent? More importantly, what is happening when the employee is absent? If the behaviour is

being unintentionally rewarded (e.g., the person is still getting paid or is able to avoid unpleasant assignments because someone else is doing them), we may expect these positive consequences to reinforce the absenteeism. Instead, to reduce the frequency of absenteeism, it will be necessary to think of financial or social incentives to follow positive behaviour and negative consequences to follow negative behaviour.

In step 4, an intervention is implemented. Removing the positive consequences of negative behaviour may be an effective way of dealing with the situation, or, in persistent situations, punishments may be used. Finally, in step 5, the behaviour is measured periodically and maintained.

1 Identity behaviour to be modified

2 Measure the baseline level

3 Analyze its antecedents and outcomes

4 Intervene

5 Evaluate and maintain



Exercises

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

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OpenAI. (2025). *ChatGPT*. [Large language model]. <https://chat.openai.com/chat> Prompt: Create a photo of a golf course pro shop with a help wanted sign in the window.

Prompt: Can you please create me a photo of a female golf store attendant?

5.2 The Role of Ethics and National Culture



Learning Objectives

1. Discuss the role of motivation for ethical behaviour.
2. Discuss the role of national culture in motivation theories.

Motivation and Ethics

What motivates individuals to behave unethically? Motivation theories have been applied to explain this interesting and important question. One theory that has been particularly successful in explaining ethical behaviour is reinforcement theory. Just like any other behaviour, such as performance or cooperation, ethical behaviour is one that is learned as a result of the consequences following one's actions. For example, in an experiment simulating the job of a sales manager, participants made a series of decisions using a computer. Partway through the simulation, subjects were informed that salespeople reporting to them were giving kickbacks to customers. Subjects in this experiment were more likely to cut the kickbacks if there was a threat of punishment to the manager. On the other hand, subjects playing the sales manager were more likely to continue giving away the kickbacks if they made a profit after providing the kickbacks (Hegarty & Sims, 1978). In a separate study highlighting the importance of rewards and punishments, researchers found that the severity of expected punishment was the primary predictor of whether subjects reported an inclination to behave unethically. In addition to the severity of the punishment, the perceived likelihood of punishment was also a major influence on ethical behaviour (Rettig & Rawson, 1963). These findings highlight the importance of rewards and punishments for motivating unethical behaviours.

There are many organizational situations in which individuals may do unethical things but then experience positive consequences, such as being awarded promotions for meeting their sales quotas. For example, in many hotels, staff members routinely receive kickbacks from restaurants or bars if they refer customers to those locations (Elliott, 2007). Similarly, sales staff rewarded with spiffs (product-specific sales incentives) may give customers advice that goes against their own personal beliefs and, in this sense, act unethically (Radin & Predmore, 2002). As long as unethical behaviour is followed by positive consequences for the person in question, we would expect unethical behaviour to continue. Thus, in order to minimize the occurrence of unethical behaviour (and in some instances legal problems), it seems important to examine the rewards and punishments that follow unethical behaviour and remove rewards following unethical behaviour while increasing the severity and likelihood of punishment.

Motivation Around the Globe

Motivation is a culturally bound topic. In other words, the factors that motivate employees in different cultures

may not be equivalent. The motivation theories we cover in this chapter are likely to be culturally bound because they were developed by Western researchers, and the majority of the research supporting each theory was conducted on Western subjects.

Based on the cultural context, Maslow's hierarchy of needs may require modification because the ranking of the needs may differ across cultures. For example, a study conducted in 39 countries showed that financial satisfaction was a stronger predictor of overall life satisfaction in developing nations compared to industrialized nations. In industrialized nations, satisfaction with esteem needs was a more powerful motivator than it was in developing nations (Oishi, Diener, & Suh, 1999).

People around the world value justice and fairness. However, what is perceived as fair may be culturally dependent. Moreover, people in different cultures may react differently to perceived unfairness (Erdogan & Liden, 2006; Mueller & Wynn, 2000). For example, in cross-cultural studies, it was found that participants in low power distance cultures such as the United States and Germany valued voice in the process (the opportunities for explanation and appealing a decision) more than those in high power distance cultures such as China and Mexico. At the same time, interactional justice was valued more by the Chinese subjects (Brockner et al., 2001; Tata, 2005). There is also some evidence indicating that equity (rewarding employees based on their contributions to a group) may be a culture-specific method of achieving fairness. One study shows that Japanese subjects viewed equity as less fair and equality-based distributions as more fair than did Australian subjects (Kashima et al., 1988). Similarly, subjects in different cultures varied in their inclination to distribute rewards based on subjects' need or age, and in cultures such as Japan and India, a person's need may be a relevant factor in reward distributions (Kashima et al., 1988; Murphy-Berman et al., 1984).



Exercises

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

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5.3 Chapter Summary

In this chapter, we have reviewed the basic motivation theories that have been developed to explain motivated behaviour. Several theories view motivated behaviour as attempts to satisfy needs. Based on this approach, managers would benefit from understanding what people need so that the actions of employees can be understood and managed. Other theories explain motivated behaviour using the cognitive processes of employees.

Employees respond to unfairness in their environment, they learn from the consequences of their actions and repeat the behaviours that lead to positive results, and they are motivated to exert effort if they see their actions will lead to outcomes that will get them desired rewards. None of these theories is complete on its own, but each provides us with a framework we can use to analyze, interpret, and manage employee behaviours in the workplace.



Ethical Dilemma

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

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

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



Individual Exercise

Your golf course provides diversity training programs to ensure that employees realize the importance of working with a diverse workforce, are aware of the equal employment opportunity legislation, and are capable of addressing the challenges of working in a multicultural workforce. Participation in these programs is mandatory, and employees are required to take the training as many times as needed until they pass. The training program lasts one day and is usually conducted in a nice hotel outside the workplace. Employees are paid for the time they spend in the training program. You realize that employees are not really motivated to perform well in this program. During the training, they put in the minimum level of effort, and most participants fail the exam given at the conclusion of the training program and then have to retake the training.

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

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CHAPTER 6: DESIGNING A MOTIVATING WORK ENVIRONMENT

Chapter Overview

- [6.0 Motivating Employees Through Job Design](#)
- [6.1 Motivating Employees Through Goal Setting](#)
- [6.2 Motivating Employees Through Performance Appraisals](#)
- [6.3 Motivating Employees Through Performance Incentives](#)
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6.0 Motivating Employees Through Job Design



Learning Objectives

1. Outline the different job design approaches.
2. Describe the alternatives to job specialization.
3. Identify job characteristics that increase motivating potential.
4. List some ways to empower employees.

Importance of Job Design

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

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

Scientific Management and Job Specialization

Perhaps the earliest attempt to design jobs came during the era of scientific management. Scientific management is a philosophy based on the ideas of Frederick Taylor as presented in his 1911 book, *Principles of Scientific Management*. Taylor's book is among the most influential books of the 20th century; the ideas presented had a major influence over how work was organized in the following years. Taylor was a mechanical engineer in the manufacturing industry. He saw work being done haphazardly, with only workers in charge. He saw the inefficiencies inherent in employees' production methods and argued that a manager's job was to carefully plan the work to be performed by employees. He also believed that scientific methods could be used to increase productivity. As an example, Taylor found that instead of allowing workers to use their own shovels, as was the custom at the time, providing specially designed shovels increased productivity. Further, by providing training and specific instructions, he was able to dramatically reduce the number of labourers required to handle each job (Taylor, 1911; Wilson, 1999).

golf ball production machine.
[Callaway's ball plant](#) by Michael LeBrecht,
[FDEd \(CAN\)](#).

Scientific management proposed a number of ideas that have been influential in job design in the following years. An important idea was to minimize waste by identifying the most efficient method to perform the job. Using time–motion studies,

management could determine how much time each task would require and plan the tasks so that the job could be performed as efficiently as possible. Therefore, standardized job performance methods were an

important element of scientific management techniques. Each job would be carefully planned in advance, and employees would be paid to perform the tasks in the way specified by management. This is especially evident in the Turf department, where there is a sequence of events or job duties that need to occur in order to prepare the golf course on a daily basis.

Furthermore, job specialization was one of the major advances of this approach. Job specialization entails breaking down jobs into their simplest components and assigning them to employees so that each person would perform a select number of tasks in a repetitive manner. There are a number of advantages to job specialization. Breaking tasks into simple components and making them repetitive reduces the skill requirements of the jobs and decreases the effort and cost of staffing. Training times for simple, repetitive jobs tend to be shorter as well. On the other hand, from a motivational perspective, these jobs are boring and repetitive and therefore associated with negative outcomes such as absenteeism (Campion & Thayer, 1987). Also, job specialization is ineffective in rapidly changing environments where employees may need to modify their approach according to the demands of the situation (Wilson, 1999).

Today, Taylorism has a bad reputation, and it is often referred to as the “dark ages” of management when employees’ social motives were ignored. Yet, it is important to recognize the fundamental change in management mentality brought about by Taylor’s ideas. For the first time, managers realized their role in influencing the output levels of employees. The concept of scientific management has had a lasting impact on how work is organized. Taylor’s work paved the way to automation and standardization that is virtually universal in today’s workplace. Assembly lines, where each worker performs simple tasks in a repetitive manner, are a direct result of job specialization efforts. Job specialization eventually found its way to the service industry as well. This is evident in the processes and workflows of the food and beverage outlets at the golf club. There is a sequence of events that occur in order to deliver food and beverages “on time” to the guests and members.

Rotation, Job Enlargement, and Enrichment

One of the early alternatives to job specialization was job rotation. Job rotation involves moving employees from job to job at regular intervals. When employees periodically move to different jobs, the monotonous aspects of job specialization can be relieved. In a supermarket study, cashiers were rotated to work in different departments. As a result of the rotation, employees’ stress levels were reduced, as measured by their blood pressure. Moreover, they experienced less pain in their neck and shoulders (Rissen et al., 2002).

Job Rotation

Job rotation has a number of advantages for organizations. It is an effective way for employees to acquire new skills and, in turn, for organizations to increase the overall skill level of their employees (Campion, Cheraskin, & Stevens, 1994). When workers move to different positions, they are cross-trained to perform different tasks, thereby increasing the flexibility of managers to assign employees to different parts of the organization when needed. In addition, job rotation is a way to transfer knowledge between departments (Kane, Argote, & Levine, 2005). Rotation may also have the benefit of reducing employee boredom, depending on the nature of the jobs the employee is performing at a given time. From the employee standpoint, rotation is a benefit because they acquire new skills that keep them marketable in the long run. Is rotation used only at lower levels of an organization? Anecdotal evidence suggests that companies successfully rotate high-level employees to train managers and increase

innovation in the company. For example, in the Golf and Club industry, there are significant benefits for GMs to work at all levels and departments of the club to gain a better perspective on the opportunities and challenges facing these key areas. Therefore, job rotation leading up to a GM role or a middle management job opportunity is important.

Job Enlargement

Job enlargement refers to expanding the tasks performed by employees to add more variety. By giving employees several different tasks to be performed, as opposed to limiting their activities to a small number of tasks, organizations hope to reduce boredom and monotony as well as utilize human resources more effectively. Job enlargement may have similar benefits to job rotation, because it may also involve teaching employees multiple tasks. Research indicates that when jobs are enlarged, employees view themselves as being capable of performing a broader set of tasks (Parker, 1998). There is some evidence that job enlargement is beneficial because it is positively related to employee satisfaction and higher quality customer services, and it increases the chances of catching mistakes (Campion & McClelland, 1991). At the same time, the effects of job enlargement may depend on the type of enlargement. For example, job enlargement, consisting of adding tasks that are very simple in nature, had negative consequences on employee satisfaction with the job and resulted in fewer errors being caught. Alternatively, giving employees more tasks that require them to be knowledgeable in different areas seemed to have more positive effects (Campion & McClelland, 1993).

Job Enlargement

Job enrichment is a job redesign technique that allows workers more control over how they perform their own tasks. This approach allows employees to take on more responsibility. As an alternative to job specialization, companies using job enrichment may experience positive outcomes, such as reduced turnover, increased productivity, and reduced absences (McEvoy & Cascio, 1985; Locke, Sirota, & Wolfson, 1976). This may be because employees who have the authority and responsibility over their work can be more efficient, eliminate unnecessary tasks, take shortcuts, and increase their overall performance. At the same time, there is evidence that job enrichment may sometimes cause dissatisfaction among certain employees (Locke, Sirota, & Wolfson, 1976). The reason may be that employees who are given additional autonomy and responsibility may expect greater levels of pay or other types of compensation, and if this expectation is not met, they may feel frustrated. One more thing to remember is that job enrichment is not suitable for everyone (Cherrington & Lynn, 1980; Hulin & Blood, 1968). Not all employees desire to have control over how they work, and if they do not have this desire, they may become frustrated with an enriched job.

Job Characteristics Model

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

Core Job Characteristics	Psychological Stress	Outcomes
• Skill variety • Task identity • Task significance • Atonomomy • Feedback	• Meaningfullness • Responsibility • Knowledge of results	• Motivation • Performance • Satisfaction • Absenteeism • Turnover

Table: The Job Characteristics Model (Hackman & Oldham, 1975).

Skill Variety

Skill variety refers to the extent to which the job requires a person to utilize multiple high-level skills. A golf course employee whose job consists of directing guests into the pro shop demonstrates low levels of skill variety, whereas a golf course employee who acts as a cashier and manages the pro shop inventory demonstrates high skill variety.

Task Identity

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

Task significance

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

Autonomy

Autonomy is the degree to which a person has the freedom to decide how to perform his or her tasks. As an example, at college, a golf instructor who is required to follow a predetermined textbook, covering a given list of topics using a specified list of classroom activities, has low autonomy. On the other hand, an

instructor who is free to choose the textbook, design the course content, and use any relevant materials when delivering lectures has higher levels of autonomy. Autonomy increases motivation at work, but it also has other benefits. Giving employees autonomy at work is a key to individual as well as company success, because autonomous employees are free to choose how to do their jobs and therefore can be more effective. They are also less likely to adopt a “this is not my job” approach to their work environment and instead be proactive (do what needs to be done without waiting to be told what to do) and creative (Morgeson, Delaney-Klinger, & Hemingway, 2005; Parker, Wall, & Jackson, 1997; Parker, Williams, & Turner, 2006; Zhou, 1998). The consequence of this resourcefulness can be higher company performance.

Feedback

Feedback refers to the degree to which people learn how effective they are at work. Feedback at work may come from other people, such as supervisors, peers, subordinates, and customers, or it may come from the job itself. A salesperson who gives presentations to potential club members but is not informed of the club members' decisions has low feedback at work. If this person receives notification that a sale was made based on the presentation, feedback will be high.

The relationship between feedback and job performance is more controversial. In other words, the mere presence of feedback is not sufficient for employees to feel motivated to perform better. In fact, a review of this literature shows that in about one-third of the cases, feedback was detrimental to performance (Kluger & DeNisi, 1996). In addition to whether feedback is present, the sign of feedback (positive or negative), whether the person is ready to receive the feedback, and the manner in which feedback was given will all determine whether employees feel motivated or demotivated as a result of feedback.

According to the job characteristics model, the presence of these five core job dimensions leads employees to experience three psychological states: They view their work as *meaningful*, they feel *responsible* for the outcomes, and they acquire *knowledge of results*. These three psychological states, in turn, are related to positive outcomes such as overall job satisfaction, internal motivation, higher performance, and lower absenteeism and turnover (Brass, 1985; Humphrey, Nahrgang, & Morgeson, 2007; Johns, Xie, & Fang, 1992; Renn & Vandenberg, 1995). Research shows that out of these three psychological states, experienced meaningfulness is the most important for employee attitudes and behaviours, and it is the key mechanism through which the five core job dimensions operate.

Are all five job characteristics equally valuable for employees? Hackman and Oldham's model proposes that the five characteristics will not have uniform effects. Instead, they proposed the following formula to calculate the motivating potential of a given job (Hackman & Oldham, 1975):

$$\text{MPS} = ((\text{Skill Variety} + \text{Task Identity} + \text{Task Significance}) \div 3) \times \text{Autonomy} \times \text{Feedback}$$

According to this formula, autonomy and feedback are the more important elements in deciding motivating potential compared to skill variety, task identity, or task significance. Moreover, note how the job

characteristics interact with each other in this model. If someone's job is completely lacking in autonomy (or feedback), regardless of levels of variety, identity, and significance, the motivating potential score will be very low.

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

Do all employees expect to have a job that has a high motivating potential? Research has shown that the desire for the five core job characteristics is not universal. One factor that affects how much of these characteristics people want or need is growth need strength. Growth need strength describes the degree to which a person has higher-order needs, such as self-esteem and self-actualization. When an employee's expectation from his job includes such higher-order needs, employees will have high-growth need strength, whereas those who expect their job to pay the bills and satisfy more basic needs will have low-growth need strength. Not surprisingly, research shows that those with high-growth need strength respond more favorably to jobs with a high motivating potential (Arnold & House, 1980; Hackman & Lawler, 1971; Hackman & Oldham, 1975; Oldham, Hackman, & Pearce, 1976). It also seems that an employee's career stage influences how important the five dimensions are. For example, when employees are new to an organization, task significance is a positive influence over job satisfaction, but autonomy may be a negative influence (Katz, 1978).



OB Toolbox: Increase the Feedback You Receive: Seek It!

- ***If you are not receiving enough feedback on the job, it is better to seek it instead of trying to guess how you are doing.*** Consider seeking regular feedback from your boss. This also has the added benefit of signalling to the manager that you care about your performance and want to be successful.
- ***Be genuine in your desire to learn.*** When seeking feedback, your aim should be improving yourself as opposed to creating the impression that you are a motivated employee. If your manager thinks that you are managing impressions rather than genuinely trying to improve your performance, seeking feedback may hurt you.
- ***Develop a good relationship with your manager.*** This has the benefit of giving you more feedback in the first place. It also has the upside of making it easier to ask direct questions about your own performance.
- ***Consider finding trustworthy peers who can share information with you regarding your performance.*** Your manager is not the only helpful source of feedback.
- ***Be gracious when you receive feedback.*** If you automatically go on the defensive the first time you receive negative feedback, there may not be a next time. Remember, even if receiving feedback, positive or negative, feels uncomfortable, it is a gift. You can improve your performance using feedback, and people giving negative feedback probably feel they are risking your goodwill by being honest. Be thankful and appreciative when you receive any feedback, and do not try to convince the person that it is inaccurate (unless there are factual mistakes).

(Jackman & Strober, 2003; Wing, Xu, & Snape, 2007; Lee, Park, Lee, & Lee, 2007).



Exercises

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

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6.1 Motivating Employees Through Goal Setting



Learning Objectives

1. Describe why goal setting motivates employees.
2. Identify characteristics of a goal that make it effective.
3. Identify limitations of goals.
4. Understand how to tie individual goals to strategic goals.

Goal-Setting Theory

Goal-setting theory (Locke & Latham, 1990) is one of the most influential and practical theories of motivation. In fact, in a survey of organizational behaviour scholars, it has been rated as the most important (out of 73 theories) (Miner, 2003). The theory has been supported in over 1,000 studies with employees ranging from blue-collar workers to research-and-development employees, and there is strong support that setting goals is related to performance improvements (Ivancevich & McMahon, 1982; Latham & Locke, 2006; Umstot, Bell, & Mitchell, 1976). According to one estimate, goal setting improves performance at least 10%–25 % (Pritchard et al., 1988).

Setting SMART Goals

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



"SMART Goals" by [Dungdm93](#), CC BY-SA 4.0

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

Specific and Measurable

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

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

Aggressive Yet Attainable

This may sound counterintuitive, but effective goals are difficult, not easy. Aggressive goals are also called stretch goals. People with difficult goals outperform those with easier goals (Mento, Steel, & Karren, 1987; Phillips & Gully, 1997; Tubbs, 1986; Yukl & Latham, 1978). Why? Easy goals do not provide a challenge. When goals are aggressive and require people to work harder or smarter, performance tends to be dramatically higher. Research shows that people who have a high level of self-efficacy and people who have a high need for achievement tend to set more difficult goals for themselves (Phillips & Gully, 1997).

Relevant

A relevant goal aligns closely with broader objectives, ensuring it contributes meaningfully to success. It answers the question of why the goal matters and how it fits within your current priorities or responsibilities.

Time-Bound

The goal should contain a statement regarding when the proposed performance level will be reached. For example, “increasing membership at a golf course by 10%” is not a time-bound goal, because there is no time limit. Adding a limiter, such as “by June of the current fiscal year,” gives employees (especially managers) a sense of time urgency.

Why Do SMART Goals Motivate?

There are at least four reasons why goals motivate (Latham, 2004; Seijts & Latham, 2005; Shaw, 2004).

1. First, goals give us direction.
2. Second, goals energize people and tell them not to stop until the goal is accomplished.
3. Third, having a goal provides a challenge. When people have goals and proceed to reach them, they feel a sense of accomplishment.
4. Finally, SMART goals urge people to think outside the box and rethink how they are working. If the goal is not very difficult, it only motivates people to work faster or longer. If a goal is substantially difficult, merely working faster or longer will not get you the results. Instead, you will need to rethink the way you usually work and devise a creative way of working.

When Are Goals More Effective?

Even when goals are SMART, they are not always equally effective. Sometimes, goal setting produces more dramatic effects compared to other methods. At least three conditions that contribute to effectiveness have been identified (Latham, 2004; Latham & Locke, 2006).

- **Feedback:** To be more effective, employees should receive feedback on the progress they are making toward goal accomplishment. Providing employees with quantitative figures about their sales, defects, or other metrics is useful for feedback purposes.
- **Ability:** Employees should have the skills, knowledge, and abilities to reach their goals. In fact, when employees lack the necessary abilities, setting specific outcome goals has been shown to lead to lower levels of performance (Seijts & Latham, 2005). People are likely to feel helpless when they lack the ability to reach a goal, and furthermore, having specific outcome goals prevents them from focusing on learning activities. In these situations, setting goals about learning may be a better idea. For example, instead of setting a goal related to increasing sales, the goal could be identifying three methods of getting better acquainted with customers.
- **Goal Commitment:** SMART goals are more likely to be effective if employees are committed to the goal (Donovan & Radosevich, 1998; Klein et al., 1999; Wofford, Goodwin, & Premack, 1993). As a testament to the importance of goal commitment, Microsoft actually calls employee goals “commitments” (Shaw, 2004). Goal commitment refers to the degree to which a person is dedicated to reaching the goal. What makes people dedicated or committed to a goal? It has been proposed that making goals public may increase commitment to the goal, because it creates accountability to peers. When individuals have a supportive

and trust-based relationship with managers, goal commitment tends to be higher. When employees participate in goal setting, goal commitment may be higher. Last, but not least, rewarding people for their goal accomplishment may increase commitment to future goals (Klein & Kim, 1998; Latham, 2004; Pritchard et al., 1988).

Are There Downsides to Goal Setting?

As with any management technique, there may be some downsides to goal setting (Locke, 2004; Pritchard et al., 1988; Seijts & Latham, 2005).

1. **Learning Decreases.** Setting goals for specific outcomes may hamper employee performance if employees lack the skills and abilities needed to reach the goals. In these situations, setting goals for behaviours and learning may be more effective than setting goals for outcomes.
2. **Adaptability Declines.** Goal setting may prevent employees from adapting and changing their behaviours in response to unforeseen threats. For example, one study found that when teams had difficult goals and employees within the team had high levels of performance expectations, teams had difficulty adapting to unforeseen circumstances (LePine, 2005).
3. **Single-mindedness develops.** Goals focus employee attention on the activities that are measured. This focus may lead to sacrificing other important elements of performance. If goals are set for production numbers, quality may suffer. As a result, it is important to set goals touching on all critical aspects of performance.
4. **Ethical Problems Increase.** An aggressive pursuit of goals may lead to unethical behaviours. If employees are rewarded for goal accomplishment, but there are no rewards for coming very close to reaching the goal, employees may be tempted to cheat.

Ensuring Goal Alignment Through Management by Objectives (MBO)

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

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

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



Exercises

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

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6.2 Motivating Employees Through Performance Appraisals



Learning Objectives

1. Explain why companies use performance appraisals.
2. Describe basic characteristics of performance appraisals.
3. List the characteristics of an effective performance appraisal.
4. Compare the advantages and disadvantages of relative versus absolute appraisals.
5. Explain how to conduct a performance appraisal meeting.
6. Outline the biases inherent in performance appraisals.

What Is a Performance Appraisal?

When employees have goals, they tend to be more motivated if they also receive feedback about their progress. Feedback may occur throughout the workday, but many organizations also have a formal, companywide process of providing feedback to employees, called the performance appraisal. A performance appraisal is a process in which a rater or raters evaluate the performance of an employee. More specifically, during a performance appraisal period, rater(s) observe, interact with, and evaluate a person's performance. Then, when it is time for a performance appraisal, these observations are documented on a form. The rater usually conducts a meeting with the employee to communicate performance feedback. During the meeting, the employee is evaluated with respect to success in achieving last year's goals, and new goals are set for the next performance appraisal period.

Even though performance appraisals can be quite effective in motivating employees and resolving performance problems, in reality, only a small number of organizations use the performance appraisal process to its full potential. In many companies, a performance appraisal takes the form of a bureaucratic activity that is mutually despised by employees and managers. The problems a poor appraisal process can create may be so severe that many experts, including the founder of the total quality movement, Edward Deming, have recommended abolishing appraisals altogether (Carson & Carson, 1993). On the other hand, creating and executing an effective appraisal system actually leads to higher levels of trust in management (Mayer & Davis, 1999). Therefore, identifying ways of increasing appraisal effectiveness is important.

Giving employees feedback is not synonymous with conducting a performance appraisal, because employees may (and should) receive frequent feedback. The most effective feedback immediately follows high or low performance. Therefore, waiting for a formal process to give feedback would be misguided. A formal appraisal is often conducted once a year, even though there are some organizations that conduct them more frequently. For example, there are advantages to conducting quarterly appraisals, such as allowing managers to revise goals more quickly in the face of changing environmental demands (Odiorne, 1990). Conducting

appraisals once a year has the advantage of being more convenient for managers and for effectively tying performance to annual pay raises or bonuses.

What Is the Purpose of a Performance Appraisal?

Performance appraisals can be important tools to give employees feedback and aid in their development. Yet, feedback is only one reason why companies perform appraisals. In many companies, appraisals are used to distribute rewards such as bonuses, annual pay raises, and promotions. They may also be used to document the termination of employees. Research shows that performance appraisals tend to be viewed as more effective when companies tie them to reward decisions and to terminate lower performers (Lawler, 2003). This is not surprising in light of motivation theories such as reinforcement theory, which indicates that behaviour that is rewarded is repeated. Tying appraisal results to rewards may lead to the perception that performance is rewarded. However, if performance appraisal ratings are not accurate, it is possible for appraisals to be a major cause of reward unfairness.

Who Is the Rater?

Traditionally, the rater has been the supervisor. Supervisors have more at stake when an employee is not performing well, and they have access to greater resources that can be used to improve performance. However, relying solely on supervisors may lead to a biased appraisal system. Many aspects of a person's performance may remain hidden from managers, particularly in team-based settings or organizations where supervisors do not work in the same physical setting as the employees. Therefore, organizations are introducing additional raters into the system, such as peers, customers, and subordinates. As organizations become flatter, introducing more perspectives may provide richer feedback to employees in question. Organizations using supervisors, peers, subordinates, and sometimes even customers are using 360-degree feedback. In this system, feedback is gathered from all these sources and shared with the employee for developmental purposes. It is important to note that 360-degree appraisals are not often used in determining pay or promotion decisions and instead are treated as feedback tools. Using 360-degree feedback in reward decisions may be problematic because individuals may avoid giving objective feedback if it means causing a peer to lose a bonus. Since not all feedback will necessarily be positive, if competition or jealousy exists among peers, some feedback may be retaliatory and too negative. Keeping these problems in mind, organizations may benefit from using only supervisor ratings in reward decisions and using feedback from other sources for developmental purposes (Toegel & Conger, 2003).

What Makes an Effective Appraisal System?

What are the characteristics of an effective appraisal system? Research identified at least three characteristics of appraisals that increase the perception that they are fair. These characteristics include adequate notice, fair hearing, and judgment based on evidence. Adequate notice involves letting employees know what criteria will be used during the appraisal. Unfortunately, in many companies, the first time employees see the appraisal form may be when they are being evaluated. Therefore, they may be rated low on something they didn't understand was part of their performance. Fair hearing means ensuring that there is two-way communication during the appraisal process and the employee's side of the story is heard. Judgment based on evidence involves documenting performance problems and using factual evidence as opposed to personal opinions when rating performance (Taylor et al., 1995).

Absolute Rating versus Relative Ranking Appraisals

As a student, would you rather be evaluated with respect to some objective criteria? For example, you could get an A if you correctly answer 90% of the questions in the exam, but you would get a B if you answered only 80%. We are calling this type of appraisal an absolute rating because the grade you get depends only on your performance with respect to the objective criteria. The alternative to this approach is relative ranking. In this system, you would get an A if you are one of the top 10% of the students in class, but you would get a B if you are between 10% and 20%. In a relative ranking system, your rating depends on how your objective performance (test grade) compares with the rest of the students' grades in your class.

Conducting the Appraisal Meeting

A performance appraisal meeting is the most important component of a performance appraisal. After the rater uses the company's appraisal form to evaluate the performance of the ratee, both sides meet to discuss positive and negative instances of performance. Thus, the meeting serves as the key medium through which the rater gives feedback to the ratee. The goal of providing performance feedback is to help the ratee solve performance problems and to motivate the employee to change behaviour. Conducting this meeting is often stressful for both parties, and training managers in providing performance feedback may be useful to deal with the stress of the managers as well as creating a more positive experience for both parties (Davis & Mount, 1984).

In the most effective meetings, feedback is presented in a constructive manner. Instead of criticizing the person, the focus should be on discussing the performance problems and aiding the employee in resolving these problems. By moving the focus of the conversation from the person to the behaviours, employee defensiveness may be reduced. When the supervisor is constructive, employees develop a more positive view of the appraisal system. Another approach to increasing the effectiveness of appraisal meetings is to increase employee participation. When employees have the opportunity to present their side of the story, they react more positively to the appraisal process and feel that the system is fair. Finally, supervisors should be knowledgeable about the employee's performance. When it becomes clear that the person doing the evaluation has little understanding of the job being performed by the employee, reactions tend to be more negative (Cawley, Keeping, & Levy, 1998; Cederblom 1982; Burke, Weitzel, & Weir, 1978).



OB Toolbox: Conducting an Effective Performance Appraisal Meeting

Before the meeting

- *Ask the person to complete a self-appraisal.* This is a great way of making sure that employees become active participants in the process and get their voice heard.
- *Complete the performance appraisal form.* Document your rating using many examples. Have more examples handy.
- *Avoid recency bias.* Be sure that your review covers the entire year's performance, not just recent events.
- *Handle the logistics.* Be sure that you devote sufficient time to each meeting. If you schedule appraisals back to back, you may lose your energy in later meetings. Be sure that the physical location is conducive to a private conversation.

During the meeting

- *Be sure to recognize effective performance.* Give specific praise.
- *Do not start the meeting with a criticism.* Starting with positive instances of performance helps establish a better mood and shows that you recognize what the employee is doing right.
- *Give employees lots of opportunities to talk.* Ask them about their greatest accomplishments, as well as opportunities for improvement. If they touch on an area you wanted to cover, provide your thoughts.
- *Show empathy and support.* Remember: your job as a manager is to help the person solve performance problems. Identify areas where you can help.
- *Set goals and create an action plan.* The outcome of the meeting should be a written agreement about what the employee will do in the near future and how the manager will help.

After the meeting

- *Continue to give the employee periodic and frequent feedback.* Effective feedback immediately follows key incidents of performance. Do not wait until the next appraisal to discuss important issues.
- *Follow through on the goals that were set.* Provide continuous support to the employee to help him or her achieve the goals.

(Ryan, 2007; Stone, 1984; Sulkowicz, 2007)

Managing Potential Bias in Performance Appraisals

Performance appraisal is, by nature, a subjective event. Unless the performance appraisal is purely relying on objective criteria such as sales, it requires one or more human beings to observe and evaluate another and arrive at a consensus. Raters, intentionally or unintentionally, make mistakes or exhibit biases. These biases trickle down into the appraisal system and can affect other decisions that are based on appraisals, such as pay

and promotion. Therefore, being aware of these tendencies is the first step to managing their influence over the appraisal system.

Liking

A performance appraisal does not occur between strangers. The rater and ratee have an existing relationship. If they like or dislike each other, these feelings may bias the ratings. For example, research shows that regardless of their objective performance levels, managers give employees with whom they have a good relationship higher ratings (Duarte, Goodson, & Klich, 1994). It is possible that sometimes liking is not a bias, and a manager likes an employee *because* of high performance levels (Varma, DeNisi, & Peters, 1996). Still, for some managers, liking someone may mean ignoring the faults of the person and selectively remembering the positive things that person has done. One way of dealing with this problem may be journaling. By recording positive and negative performance incidents throughout the year for each employee, managers may recall each employee's performance more accurately (DeNisi, Robbins, & Cafferty, 1989).

Leniency

One of the common problems in appraisals is that managers give employees ratings higher than warranted. There may be many reasons for this, such as the desire to avoid confrontation with the employee, having a very agreeable personality, the desire to avoid hurting the chances of the employee to get a bonus, the desire to motivate employees by giving them high ratings, or liking the employee as a person. Regardless of the reason, leniency is a problem because it makes ratings relatively useless for determining raises, bonuses, or promotions. At the same time, leniency makes it harder for employees to change their behaviour. One way of dealing with this problem could be using relative rankings or at least giving managers a suggested distribution. If managers are asked to grade on a curve, they may end up being less lenient. Moreover, making managers accountable for the ratings they give may be a good idea. For example, if managers are evaluated based on how well they recognize different levels of performance, they may be less tempted to be lenient in appraisals (Bernardin, Cooke, & Villanova, 2000; Jawahar & Williams, 1997; Longenecker, 1989).

Stereotypes

One of the factors that creates bias in appraisals is the stereotypes that raters may have regarding the gender, race, age or another characteristic of the person being rated. Beliefs about different groups may be generalized to the person in question, even though they may have little basis in reality. For example, research shows that women in stereotypically male jobs were rated lower than women in stereotypically female jobs. Similarly, attractive women were rated higher if they held non-management jobs, but they were rated lower if they held management jobs. When factors that have no

bearing on one's job performance are used to evaluate the person, employees, overall, will be demoralized, the appraisals will lose their effectiveness, and the company may face costly lawsuits (Heilman & Stopeck 1985; Lyness & Heilman, 2006). Understanding the importance of eliminating stereotypes from performance appraisals and training managers to accurately observe and evaluate performance may be beneficial in limiting exposure to this type of bias.



Exercises

1. What are the disadvantages of using only supervisors as the raters? What are the disadvantages of using peers, subordinates, and customers as raters?
2. Do you believe that self-appraisals are valid? Why would it be helpful to add self-appraisals to the appraisal process? Can you think of any downsides to using them?
3. Why do some managers intentionally give an employee a higher rating than deserved? What are the disadvantages of biased ratings? How could this tendency be prevented?
4. Some recommend that performance appraisals be abolished altogether. What do you think about this approach? What are the downsides of eliminating appraisals altogether?
5. If your objective is to minimize the effects of rater biases, what type of appraisal system would you design?

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6.3 Motivating Employees Through Performance Incentives



Learning Objectives

1. Discuss the importance of financial and nonfinancial incentives to motivate employees.
2. Describe the benefits of different types of incentive systems, such as piece rate and merit pay.
3. Discuss why nonfinancial incentives can be effective motivators.
4. Outline the tradeoffs involved in rewarding individual, group, and organizational performance.

Performance Incentives

Perhaps the most tangible way in which companies put motivation theories into action is by instituting incentive systems. Incentives are reward systems that tie pay to performance. There are many incentives used by companies, some tying pay to individual performance and some to companywide performance. Pay-for-performance plans are very common among organizations. Research shows that companies using pay-for-performance systems actually achieve higher productivity, profits, and customer service. These systems are more effective than praise or recognition in increasing retention of higher performing employees by creating higher levels of commitment to the company (Cadsby, Song, & Tapon, 2007; Peterson & Luthans, 2006; Salamin & Hom, 2005). Moreover, employees report higher levels of pay satisfaction under pay-for-performance systems (Heneman, Greenberger, & Strasser, 1988).

At the same time, many downsides of incentives exist. For example, it has been argued that incentives may create a risk-averse environment that diminishes creativity. This may happen if employees are rewarded for doing things in a certain way, and taking risks may negatively affect their paycheck. Moreover, research shows that incentives tend to focus employee energy on goal-directed efforts, and behaviours such as helping team members or being a good citizen of the company may be neglected (Breen, 2004; Deckop, Mengel, & Cirka, 1999; Wright et al., 1993). Despite their limitations, financial incentives may be considered powerful motivators if they are used properly and if they are aligned with companywide objectives. The most frequently used incentives are listed as follows.

Piece Rate Systems

Under piece rate incentives, employees are paid on the basis of the individual output they produce. For example, a manufacturer may pay employees based on the number of golf balls produced in a day. At some golf courses, turf workers are paid based on the amount of grass they cut per acre. These systems are suitable when employee output is easily observable or quantifiable and when output is directly correlated with employee effort. Today, increases in employee monitoring technology are making it possible to correctly measure and observe individual output. For example, technology can track the number of hours logged on

turf equipment, when people “punch the clock” when arriving and departing from work, and the amount of time spent on a project.

Individual Bonuses

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

Merit Pay

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

Sales Commissions

At some resort-style golf courses, the paycheck of pro shop employees is a combination of a base salary and commissions. Sales commissions involve rewarding sales employees with a percentage of sales volume or profits generated from merchandise sold in the retail outlets. Sales commissions should be designed carefully to be consistent with company objectives. For example, employees who are heavily rewarded with commissions may neglect customers who have a low probability of making a quick purchase. Therefore, the blend of straight salary and commissions needs to be managed carefully.



Properly designed sales commissions are widely used to motivate sales employees. [Image](#) by Tim Evanson, [CC BY SA 2.0](#)

Awards



Plaques and other recognition awards may motivate employees. Image by [Suburban Golf Club](#), Public Domain

Some golf courses manage to create effective incentive systems on a small budget while downplaying the importance of large bonuses. It is possible to motivate employees through awards, plaques, or other symbolic methods of recognition to the degree these methods convey sincere appreciation for employee contributions. For example, some golf courses leverage the rebate programs from suppliers to gift employees. Gift Cards are great rewards! These methods are more effective if employees have a choice among alternatives (such as between restaurants, or between a restaurant or a retailer). The advantage of gift cards over pay is that instead of paying for life's necessities, such as mortgage or college, employees can enjoy the gift of going out to dinner, going on a vacation to a fun place, or acquiring a cool gadget they may not have purchased

with their own money. Thus, these awards may help create a sense of commitment to the company by creating positive experiences that are attributed to the company.

Team Bonuses

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

Gainsharing

Gainsharing is a companywide program in which employees are rewarded for performance gains compared to past performance. These gains may take the form of reducing labour costs compared to estimates or reducing overall costs compared to past years' figures. These improvements are achieved through employee suggestions and participation in management through employee committees. In the golf industry, this is an option used to incentivize supervisors and middle managers of golf clubs to be as effective and efficient as possible.

Profit Sharing

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

Stock Options

If a golf company is publicly traded, a stock option gives an employee the right, but not the obligation, to purchase company stock at a predetermined price. For example, a golf company would commit to sell company stock to employees or managers 2 years in the future at \$30 per share. If the company's actual stock

price in 2 years is \$60, employees would make a profit by exercising their options at \$30 and then selling them in the stock market. The purpose of stock options is to align company and employee interests by making employees owners. However, options are not very useful for this purpose, because employees tend to sell the stock instead of holding onto it. In the past, options were given to a wide variety of employees, including GM/CEOs, high performers, and in some companies, all employees.



Exercises

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

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6.4 The Role of Ethics and National Culture



Learning Objectives

1. Consider the role of job design, goals, and reward systems in ethical behaviour.
2. Consider the role of national culture on job design, goals, and reward systems.

Designing a Motivating Work Environment and Ethics

The design components of an organization's internal environment, such as the presence of goal setting, performance appraisals, and the use of incentive-based reward systems, have a direct connection with the level of ethical or unethical behaviours demonstrated within a company. Although a large number of golf clubs successfully use goal setting and rewarding employees based on goal accomplishment, there is an unintended consequence to using goals: Goal setting may lead to unethical behaviours on the part of employees. When goal accomplishment is rewarded, and when rewards are desirable, employees will have two basic options: Work hard to reach the goals, or cheat.

This does not mean that goal setting always causes unethical behaviour. People who behave unethically tend to constitute a small percentage of the workforce. However, for this small percentage, goal setting and incentives act as motivation to behave unethically. The tendency to behave unethically under these systems also increases when goals are not met, but instead, employees come close to reaching them, particularly when they are competing against each other to receive the rewards (Bellizzi, 1995; Schweitzer, Ordóñez, & Douma 2004). There are several ways companies can reduce the temptation to behave unethically. Specifically rewarding ethical behaviour within the company is related to lower levels of unethical behaviour (Trevino & Youngblood, 1990). Also, instead of only rewarding people who reach a high goal and not giving anything to those who come close, companies may consider creating multiple levels of goals and distributing rewards corresponding to the goal that is achieved (Locke, 2004). Enforcing an ethical code of conduct and withholding rewards from those who are not demonstrating ethical behaviours are other ways of preventing goal setting from leading to unethical behaviours.

Designing a Motivating Work Environment Around the Globe

The effectiveness of methods such as job design, goal setting, performance appraisals, and the use of incentives is likely to be culturally determined. For example, research conducted in Western countries suggests that empowering employees is an effective method of motivating them. However, not all employees around the world respond favorably to concepts such as autonomy or empowerment. For example, it has been noted that the use of self-managing teams, a method of increasing employee empowerment in the workplace, is difficult to execute in Mexican companies because of the traditionally paternalistic and

hierarchical nature of many Mexican organizations. In such a context, employees may not be willing or ready to take responsibility for individual action, while managers may be unwilling to share real power with employees (Nicholls, Lane, & Brechu, 1999). Researchers also found in a four-country study that while employees in the United States, Canada, Mexico, and Poland responded positively to empowerment, Indian employees were actually less satisfied when they were empowered (Robert et al., 2000). In other words, we may expect both greater levels of difficulty and potentially different reactions to empowerment depending on the cultural context.

Are all employees around the globe motivated by goal setting? Even though there is limited research in this area, existing findings point to some differences. For example, we know that American employees respond negatively to goals when these goals are perceived to be extremely difficult. However, Chinese employees were actually most motivated when the goals were very difficult. This may be because Chinese employees believe that their performance depends on their effort, and therefore, they are able to respond to goals that are very difficult with very high effort. On the other hand, there is some evidence that while specific goals motivate Western salespeople, in China, goals low in specificity were more motivational (Fang, Palmatier, & Evans, 2004).

How about performance appraisals? You may predict that concepts such as 360-degree appraisal are not suitable for all cultures. The 360-degree appraisals require a climate of openness and social equality in the workplace. Therefore, countries high in power distance and authoritarianism may respond negatively to appraisal systems where lower-level employees give performance feedback to their managers. Likewise, in cultures high in collectivism, using peer appraisals may not be as effective because employees might be hesitant to give accurate performance feedback to their colleagues for fear that negative feedback may damage interpersonal relationships.



Exercises

1. Do you have any experience with goal setting leading to unethical behaviours?
2. Many observers and employees are concerned about the spread between CEO pay and average employee pay. Is it ethical for CEOs to be paid so much more than other employees? Under which conditions would it be unethical?
3. How would you determine whether a certain incentive scheme or a type of performance appraisal could be transferred to a different culture?

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6.5 Chapter Summary

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



Ethical Dilemma

James is about to conduct a performance appraisal for Maria. Maria has exhibited some performance problems in the past 6 months. She has been coming in late and leaving early, and she missed two important deadlines. At the same time, she is a very likable and nice person who gets along well with others in the office. James also knows that Maria has a significant amount of debt, and getting a bonus after this appraisal would really help her. James does not want to jeopardize his relationship with her, and he does not want to prevent her from getting the bonus. Therefore, he is considering giving her a “good” rating in the appraisal. What would be your advice to James regarding this situation?



Individual Exercise

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

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



Group Exercise

Performance Appraisal Role Play

This role play will involve three students. One student will be the supervisor and the second will be the subordinate. The supervisor and the subordinate will conduct a formal performance appraisal interview. The third role is that of an observer who should provide feedback to both parties regarding how they could have improved their effectiveness.

Be sure to read only the role sheet assigned to you by your professor.

“[6.8: Conclusion](#)” & “[6.9: Exercises](#)” from [Organizational Behavior](#) by LibreTexts is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 3.0 International License](#), except where otherwise noted.

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CHAPTER 7: MANAGING STRESS AND EMOTIONS

Chapter Overview

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- [7.1 Avoiding and Managing Stress](#)
- [7.2 What Are Emotions?](#)
- [7.3 Emotions at Work](#)
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7.0 What Is Stress?



Learning Objectives

1. Define the General Adaptation Syndrome.
2. Explain what stressors are.
3. Discuss the outcomes of stress.
4. Describe the individual differences in experienced stress.

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

Stress is defined by the physiological or psychological response to internal or external stressors (American Psychological Association, 2018). Stress is an inevitable feature of life. It is the force that gets us out of bed in the morning, motivates us at the gym, and inspires us to work.

As you will see in the sections below, stress is a given factor in our lives. We may not be able to avoid stress completely, but we can change how we respond to stress, which is a major benefit. Our ability to recognize, manage, and maximize our response to stress can turn an emotional or physical problem into a resource.

According to Statistics Canada, “just over 4.1 million people indicated that they experienced high or very high levels of work-related stress, representing 21.2% of all employed people. The most common causes of work-related stress included a heavy workload, which affected 23.7% of employed people, as well as balancing work and personal life (15.7% of employed people). Women (22.7%) were more likely than men (19.7%) to experience high or very high levels of work-related stress” (Statistics Canada, 2023).

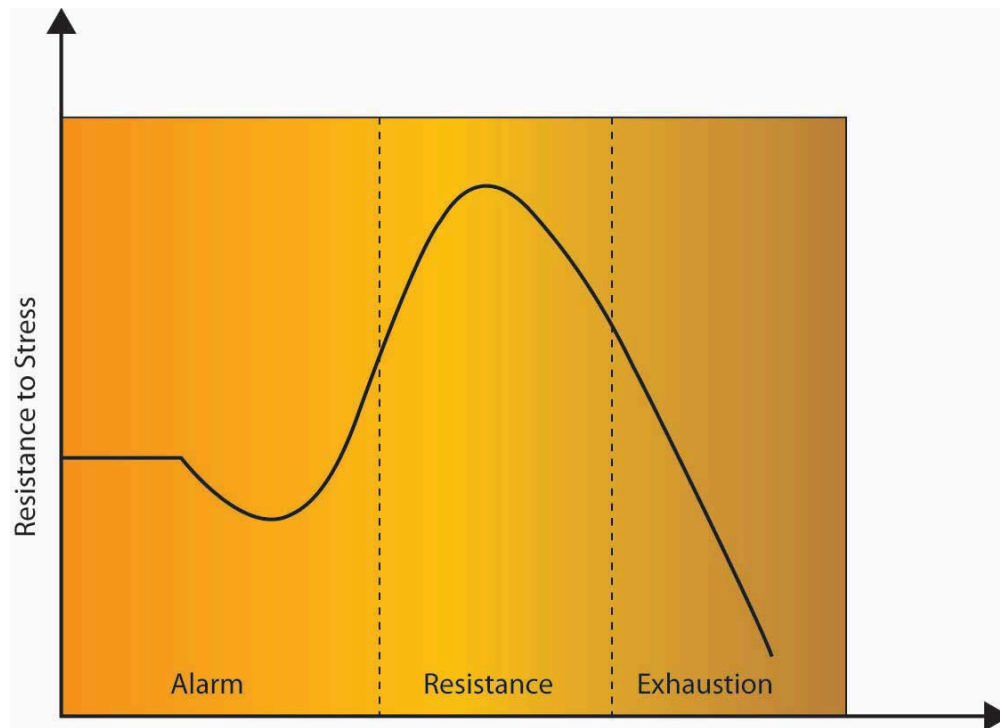
The Stress Process

Our basic human functions, breathing, blinking, heartbeat, digestion, and other unconscious actions, are controlled by our lower brains. Just outside this portion of the brain is the semiconscious limbic system, which plays a large part in human emotions. Within this system is an area known as the amygdala. The amygdala is responsible for, among other things, stimulating fear responses. Unfortunately, the amygdala cannot distinguish between meeting a 10:00 a.m. marketing deadline and escaping a burning building.

Human brains respond to outside threats to our safety with a message to our bodies to engage in a “fight-or-flight” response (Cannon, 1915). Our bodies prepare for these scenarios with an increased heart rate, shallow breathing, and wide-eyed focus. Even digestion and other functions are stopped in preparation for the fight-or-flight response. While these traits allowed our ancestors to flee the scene of their impending doom or engage in a physical battle for survival, most crises at work are not as dramatic as this.

Hans Selye, one of the founders of the American Institute of Stress, spent his life examining the human

body's response to stress. As an endocrinologist who studied the effects of adrenaline and other hormones on the body, Selye believed that unmanaged stress could create physical diseases such as ulcers and high blood pressure, and psychological illnesses such as depression. He hypothesized that stress played a general role in disease by exhausting the body's immune system and termed this the General Adaptation Syndrome (GAS) (Selye, 1946; Selye, 1976).



In Selye's GAS model, stress affects an individual in three steps: alarm, resistance, and exhaustion.

In the alarm phase of stress, an outside stressor jolts the individual, insisting that something must be done. It may help to think of this as the fight-or-flight moment in the individual's experience. If the response is sufficient, the body will return to its resting state after having successfully dealt with the source of stress.

In the resistance phase, the body begins to release cortisol and draws on reserves of fats and sugars to find a way to adjust to the demands of stress. This reaction works well for short periods of time, but it is only a temporary fix. Individuals forced to endure the stress of cold and hunger may find a way to adjust to lower temperatures and less food. While it is possible for the body to “adapt” to such stresses, the situation cannot continue. The body is drawing on its reserves, like a hospital using backup generators after a power failure. It can continue to function by shutting down unnecessary items like large overhead lights, elevators, televisions, and most computers, but it cannot proceed in that state forever.

In the exhaustion phase, the body has depleted its stores of sugars and fats, and the prolonged release of cortisol has caused the stressor to significantly weaken the individual. Disease results from the body's weakened state, leading to death in the most extreme cases. This eventual depletion is why we're more likely to reach for foods rich in fat or sugar, caffeine, or other quick fixes that give us energy when we are stressed. Selye referred to stress that led to disease as *distress* and stress that was enjoyable or healing as *eustress*.

Workplace Stressors

Stressors are events or contexts that cause a stress reaction by elevating levels of adrenaline and forcing a physical or mental response. The key to remember about stressors is that they aren't necessarily a bad thing.

The saying “the straw that broke the camel’s back” applies to stressors. Having a few stressors in our lives may not be a problem, but because stress is cumulative, having many stressors day after day can cause a buildup that becomes a problem. The American Psychological Association surveys American adults about their stresses annually. Topping the list of stressful issues are money, work, and housing (American Psychological Association, 2007). But in essence, we could say that all three issues come back to the workplace. How much we earn determines the kind of housing we can afford, and when job security is questionable, home life is generally affected as well.

Understanding what can potentially cause stress can help avoid negative consequences. Now we will examine the major stressors in the workplace. A major category of workplace stressors is role demands. In other words, some jobs and some work contexts are more potentially stressful than others.

Role Demands

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

Information Overload

Messages reach us in countless ways every day. Some are societal advertisements that we may hear or see in the course of our day. Others are professional emails, memos, voice mails, and conversations from our colleagues. Others are personal messages and conversations from our loved ones and friends. Add these together, and it’s easy to see how we may be receiving more information than we can take in. This state of imbalance is known as information overload, which can be defined as “occurring when the information processing demands on an individual’s time to perform interactions and internal calculations exceed the supply or capacity of time available for such processing” (Schick, Gordon, & Haka, 1990).

Work–Family Conflict

Work–family conflict occurs when the demands from work and family are negatively affecting one another (Netemeyer, Boles, & McMurrian, 1996). Specifically, work and family demands on a person may be incompatible with each other, such that work interferes with family life and family demands interfere with work life. This stressor has steadily increased in prevalence, as work has become more demanding and technology has allowed employees to work from home and be connected to the job around the clock. Moreover, the fact that more households have dual-earning families in which both adults work means household and childcare duties are no longer the sole responsibility of a stay-at-home parent. This trend only

compounds stress from the workplace by leading to the spillover of family responsibilities (such as a sick child or elderly parent) to work life. Research shows that individuals who have stress in one area of their life tend to have greater stress in other parts of their lives, which can create a situation of escalating stressors (Allen et al., 2000; Ford, Heinen, & Langkamer, 2007; Frone, Russell, & Cooper, 1992; Hammer, Bauer, & Grandey, 2003).

Work–family conflict has been shown to be related to lower job and life satisfaction. Interestingly, it seems that work–family conflict is slightly more problematic for women than men (Kossek & Ozeki, 1998).

Organizations that are able to help their employees achieve greater work–life balance are seen as more attractive than those that do not (Barnett & Hall, 2001; Greenhaus & Powell, 2006). Organizations can help employees maintain work–life balance by using organizational practices such as flexibility in scheduling, as well as individual practices such as having supervisors who are supportive and considerate of employees' family life (Thomas & Ganster, 1995).

Life Changes

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



OB Toolbox: How Stressed Are You?

Read each of the events listed below. Give yourself the number of points next to any event that has occurred in your life in the last 2 years. There are no right or wrong answers. The aim is just to identify which of these events you have experienced.

Table: Sample Items: Life Events Stress Inventory

Life event	Stress points	Life event	Stress points
Death of spouse	100	Foreclosure of a mortgage or a loan	30
Divorce	73	Change in responsibilities at work	29
Marital separation	65	Son or daughter leaving home	29
Jail term	63	Trouble with in-laws	29
Death of a close family member	63	Outstanding personal achievement	28
Personal injury or illness	53	Begin or end school	26
Marriage	50	Change in living location/condition	25
Fired or laid off at work	47	Trouble with the supervisor	23
Marital reconciliation	45	Change in work hours or conditions	20
Retirement	45	Change in schools	20
Pregnancy	40	Change in social activities	18
Change in financial state	38	Change in eating habits	15
Death of a close friend	37	Vacation	13
Change to a different line of work	36	Minor violations of the law	11

Scoring:

- If you scored fewer than 150 stress points, you have a 30% chance of developing a stress-related illness in the near future.
- If you scored between 150 and 299 stress points, you have a 50% chance of developing a stress-related illness in the near future.
- If you scored over 300 stress points, you have an 80% chance of developing a stress-related illness in the near future.

The happy events in this list, such as getting married or an outstanding personal achievement, illustrate how eustress, or “good stress,” can also tax a body as much as the stressors that constitute the traditionally negative category of distress. (The prefix *eu-* in the word *eustress* means “good” or “well,”

much like the *eu-* in *euphoria*.) Stressors can also occur in trends. For example, during 2007, nearly 1.3 million U.S. housing properties were subject to foreclosure activity, up 79% from 2006.

(Holmes, & Rahe, 1967).

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Modifications. Some content removed. Added current stats.

7.1 Avoiding and Managing Stress



Learning Objectives

1. Discuss what individuals can do to manage their own stress.
2. Discuss what organizations can do to help their employees avoid and manage stress.

Approaches to Managing Stress: The Corporate Athlete

Luckily, there are several ways to manage stress. One way is to harness stress's ability to improve our performance. The “corporate athlete” approach to stress is a proactive (action-first) rather than a reactive (response-driven) approach. While an overdose of stress can cause some individuals to stop exercising, eat less nutritious foods, and develop a sense of hopelessness, corporate athletes ward off the potentially overwhelming feelings of stress by developing strong bodies and minds that embrace challenges, as opposed to being overwhelmed by them.

Flow

Turning stress into fuel for corporate athleticism is one way of transforming a potential enemy into a workplace ally. Another way to transform stress is by breaking challenges into smaller parts and embracing the ones that give us joy. In doing so, we can enter a state much like that of a child at play, fully focused on the task at hand, losing track of everything except our genuine connection to the challenge before us. This concept of total engagement in one's work, or in other activities, is called flow. The term *flow* was coined by psychologist Mihaly Csikszentmihalyi (1997) and is defined as a state of consciousness in which a person is totally absorbed in an activity. We've all experienced flow: It's the state of mind in which you feel strong, alert, and in effortless control.

According to this way of thinking, the most pleasurable way for a person to work is in harmony with his or her true interests. Work is seen as more similar to playing games than most activities adults do. This is because work consists of tasks, puzzles, surprises, and potentially rewarding challenges. By breaking down a busy workday into smaller pieces, individuals can shift from the “stress” of work to a more engaged state of flow.

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

Sleep

It is a vicious cycle. Stress can make it hard to sleep. Not sleeping makes it harder to focus on work in general,

as well as on specific tasks. Tired folks are more likely to lose their temper, upping the stress level of others. The work–life crunch experienced by many makes a good night’s sleep seem out of reach. A person who misses work due to exhaustion will return to work to find an even more stressful workload. This cycle can easily increase the stress level of a work team as well as that of an overtired individual.

Create a Social Support Network

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

Time Management

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

Organizational Approaches to Managing Stress

Stress-related issues cost businesses billions of dollars per year in absenteeism, accidents, and lost productivity (Hobson et al., 2004). As a result, managing employee stress is an important concern for organizations as well as individuals. Organizations can take many steps to help employees with stress, including having clearer expectations for them, creating jobs where employees have autonomy and control, and creating a fair work environment. Finally, larger organizations normally utilize outside resources to help employees get professional help when needed.

Make Expectations Clear

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

Give Employees Autonomy

Giving employees a sense of autonomy is another thing that organizations can do to help relieve stress (Kossek, Lautschb, & Eaton, 2006). It has long been known that one of the most stressful things that individuals deal with is a lack of control over their environment. Research shows that individuals who feel a greater sense of control at work deal with stress more effectively (Schaubroeck, Lam, & Xie, 2000). Employees' stress levels are likely to be related to the degree to which organizations can build autonomy and support into jobs.

Create Fair Work Environments

Work environments that are unfair and unpredictable have been labelled “toxic workplaces.” A toxic workplace is one in which a company does not value its employees or treat them fairly (Webber, 1998). Statistically, organizations that value employees are more profitable than those that do not (Huselid, 1995; Pfeffer, 1998; Pfeffer & Veiga, 1999; Welbourne & Andrews, 1996). Research shows that working in an environment that is seen as fair helps to buffer the effects of stress (Judge & Colquitt, 2004). This reduced stress may be because employees feel a greater sense of status and self-esteem, or due to a greater sense of trust within the organization. These findings hold for outcomes individuals receive as well as the process for distributing those outcomes (Greenberg, 2004). Whatever the case, it is clear that organizations have many reasons to create work environments characterized by fairness, including lower stress levels for employees. In fact, one study showed that training supervisors to be more interpersonally sensitive even helped nurses feel less stressed about a pay cut (Greenberg, 2006).

Telecommuting

Telecommuting refers to working remotely. For example, some employees work from home, a remote satellite office, or from a coffee shop for some portion of the workweek. Being able to work away from the office is one option that can decrease stress for some employees. The keys to successful telecommuting arrangements are to match the right employees with the right jobs in the right environments. If any variable is not within a reasonable range, such as having a dog that barks all day when the employee is at home, productivity will suffer. Since the pandemic, golf clubs have been more receptive to allowing leadership positions to complete a portion of the work duties from home, where appropriate.



Telecommuting helps employees avoid traffic jams like this one. Jonbgem. [Traffic, jonbgem, CC BY-NC 2.0](#).

Employee Sabbaticals

Sabbaticals (paid time off from the normal routine at work) have long been a sacred ritual practiced by universities to help faculty stay current, work on large research projects, and recharge every 5 to 8 years. However, many companies are now in the practice of granting paid sabbaticals to their employees. Though this is not typical in the golf and club industry, due to the seasonal nature of our business, leadership positions can request short period sabbaticals. Especially for professional development purposes.

Employee Assistance Programs

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



Exercises

1. Have you ever been in a state of “flow” as described in this section? If so, what was special about this time?
2. Whose responsibility do you think it is to deal with employee stress—the employee or the organization? Why?
3. Do you think most organizations are fair or unfair? Explain your answer.
4. Have you ever considered telecommuting? What do you think would be the pros and cons for you personally?

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7.2 What Are Emotions?



Learning Objectives

1. Define emotions.
2. Identify the different types of emotions people experience.
3. Explain the emotion contagion.

Types of Emotions

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

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

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

The unwanted side effects of negative emotions at work are easy to see: An angry colleague is left alone to work through the anger; a jealous colleague is excluded from office gossip, which is also the source of important office news. But you may be surprised to learn that negative emotions can help a company’s productivity in some cases. Anger at another company’s success, for example, can spark a burst of positive effort on behalf of a competitor. Jealousy about another division’s sales figures may inspire a rival division to work harder. While negative emotions can be destructive in the workplace, they can inspire bursts of valuable individual action to change situations that aren’t working the way they should (Jordan, Lawrence, & Troth, 2006). The key is to promote the positive emotions and work to manage the negative ones so they don’t spread throughout the organization and become the norm.

Emotional Contagion

Both positive and negative emotions can be contagious, with the spillover of negative emotions lasting longer than positive emotions. As you may have experienced in the past, contagion can be especially salient in a team setting. Research shows that emotions are contagious and that team members affect one another even after accounting for team performance (Ilies, Wagner, & Morgeson, 2007). One explanation for the tendency of negative emotions to linger may be a stronger connection to the fight-or-flight situations people experience. Anger, fear, and suspicion are intentionally unpleasant messages urging us to take action immediately. And to make sure we get the message, these emotions stick around.

Research shows that some people are more susceptible to emotional contagion than others (Papousek, Freudenthaler, & Schuler, 2008). But in general, when the boss is happy, the staff is happy (Bono & Ilies, 2006). We can also imagine how negative emotions can be transferred. Imagine you're working behind the counter of the snack bar at the golf course. Your mood is fine until a customer argues with you about an order. You argue back. The customer leaves in a huff. Your anger continues, turning into negative feelings that last throughout the day. As you might guess, you are more likely to make mistakes and find ordinary challenges annoying when you're experiencing negative emotions. Unchecked, your negative emotions can spread to those around you. A negative interaction with one customer can spill over onto interactions with another customer (Pugh, 2001; Hareli & Rafaeli, 2008).



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OB Toolbox: Practice Changing Your Emotions

Olympic athletes train for peak performance by stimulating their brains to believe they've just run a record race. You can do the same thing to experience different moods. By providing your brain with the external stimulus of happiness or sadness, you can create those feelings. Give it a try!

It's best to practice this when you are feeling relatively calm. To give yourself a neutral starting point, close your eyes and breathe in slowly. Now, release your breath. Open your eyes and smile widely. Allow your eyes to crinkle. Now smile a bit more.

The changes you have consciously made to your expression are signalling your body that a positive event has taken place. How does this affect you emotionally?

Answer these questions to find out:

Do you feel more or less energetic as you smile? More or less calm? More or less optimistic? How does the feeling resulting from your physical changes compare with your feelings a moment before?

Now, let's try the opposite: Close your eyes and breathe in and out slowly, as detailed above, to clear your "emotional slate." Then open your eyes. Pull down the corners of your mouth. Open your eyes wide. You have just signalled to your body that something negative has taken place.

Note your feelings using the list above. How do these feelings compare with your feelings of "intentional happiness"?

Now consider this: Dr. Aston Trice of Mary Baldwin College in Virginia found that humour has mood-altering effects. Subjects were given a frustrating task. Then, one-half were shown cartoons. Those who had seen the cartoons overcame their frustration and attacked a new test with renewed enthusiasm and confidence, compared to those subjects who hadn't had the humorous interlude (Colino, 2006).



Exercises

1. How easy do you think it is to "manage" one's emotions?
2. Which types of emotions are most socially accepted in the workplace? Why do you think this is?
3. What are the factors that affect your emotions?
4. Share an example of either positive or negative emotional contagion. How did it start and stop?
5. What do you do, if anything, to try to change how you are feeling? How effective are your strategies?

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7.3 Emotions at Work



Learning Objectives

1. Understand Affective Events Theory.
2. Understand the influence of emotions on attitudes and behaviours at work.
3. Learn what emotional labour is and how it affects individuals.
4. Learn what emotional intelligence is.

Emotions Affect Attitudes and Behaviours at Work

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

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



Anger



Fear



Joy



Surprise



Love



Sadness



Examples

For example, imagine that a coworker unexpectedly delivers your morning coffee to your desk. As a result of this pleasant, if unexpected experience, you may feel happy and surprised. If that coworker is your boss, you might feel proud as well. Studies have found that the positive feelings resulting from work experience may inspire you to do something you hadn't planned to do before. For instance, you might volunteer to help a colleague on a project you weren't planning to work on before. Your action would be an affect-driven behaviour (Fisher, 2002). Alternatively, if you were unfairly reprimanded by your manager, the negative emotions you experience may cause you to withdraw from work or to act meanly toward a coworker. Over time, these tiny moments of emotion on the job can influence a person's job satisfaction. Although company perks and promotions can contribute to a person's happiness at work, satisfaction is not simply a result of this kind of "outside-in" reward system. Job satisfaction in the AET model comes from the inside-in, from the combination of an individual's personality, small emotional experiences at work over time, beliefs, and affect-driven behaviours.



Photo by [Gustavo Fring](#), Pexels License

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

Emotional Labor

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

Humans are emotional creatures by nature. In the course of a day, we experience many emotions. Think about your day thus far. Can you identify times when you were happy to deal with other people and times when you wanted to be left alone? Now imagine trying to hide all the emotions you've felt today for 8 hours or more at work. That's what cashiers, school teachers, massage therapists, fire fighters, and librarians, among other professionals, are asked to do. As individuals, they may be feeling sad, angry, or fearful, but at work, their job title trumps their individual identity. The result is a persona—a professional role that involves acting out feelings that may not be real as part of their job.

Emotional labour refers to the regulation of feelings and expressions for organizational purposes (Grandey, 2000). Three major levels of emotional labour have been identified (Hochschild, 1983).

1. **Surface acting** requires an individual to exhibit physical signs, such as smiling, that reflect emotions customers want to experience. A children's hairdresser cutting the hair of a crying toddler may smile and act sympathetic without actually feeling so. In this case, the person is engaged in surface acting.
2. **Deep acting** takes surface acting one step further. This time, instead of faking an emotion that a customer may want to see, an employee will actively try to experience the emotion they are displaying. This genuine attempt at empathy helps align the emotions one is experiencing with the emotions one is displaying. The children's hairdresser may empathize with the toddler by imagining how stressful it must be for one so little to be constrained in a chair and be in an unfamiliar environment, and the hairdresser may genuinely begin to feel sad for the child.
3. **Genuine acting** occurs when individuals are asked to display emotions that are aligned with their own. If a job requires genuine acting, less emotional labour is required because the actions are consistent with true feelings.



When it comes to acting, the closer to the middle of the circle that your actions are, the less emotional labour your job demands. The further away, the more emotional labour the job demands.

Research shows that surface acting is related to higher levels of stress and fewer felt positive emotions, while deep acting may lead to less stress (Beal et al., 2006; Grandey, 2003). Emotional labour is particularly common in service industries that are also characterized by relatively low pay, which creates the added potential for stress and feelings of being treated unfairly (Glomb, Kammeyer-Mueller, & Rotundo, 2004; Rupp & Sharmin, 2006). In a study of 285 hotel employees, researchers found that emotional labour was vital because so many employee-customer interactions involve individuals dealing with emotionally charged issues (Chu, 2002). Emotional labourers are required to display specific emotions as part of their jobs. Sometimes, these are emotions that the worker already feels. In that case, the strain of the emotional labour is minimal. For example, a funeral director is generally expected to display sympathy for a family's loss, and in the case of a family member suffering an untimely death, this emotion may be genuine. But for people whose jobs require them to be professionally polite and cheerful, such as flight attendants, or to be serious and authoritative, such as police officers, the work of wearing one's "game face" can have effects that outlast the working day. To combat this, taking breaks can help surface actors to cope more effectively (Beal, Green, & Weiss, 2008). In addition, researchers have found that greater autonomy is related to less strain for service workers in the United States as well as France (Grandey, Fisk, & Steiner, 2005).

Cognitive dissonance is a term that refers to a mismatch among emotions, attitudes, beliefs, and behaviour, for example, believing that you should always be polite to a customer regardless of personal feelings, yet having just been rude to one. You'll experience discomfort or stress unless you find a way to alleviate the dissonance. You can reduce the personal conflict by changing your behaviour (trying harder to act polite),

changing your belief (maybe it's OK to be a little less polite sometimes), or by adding a new fact that changes the importance of the previous facts (such as you will otherwise be laid off the next day). Although acting positive can make a person feel positive, emotional labour that involves a large degree of emotional or cognitive dissonance can be gruelling, sometimes leading to negative health effects (Zapf, 2006).

Emotional Intelligence

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

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

1 Relationship Management

2 Social Awareness

3 Self Management

4 Self Awareness

In the workplace, emotional intelligence can be used to form harmonious teams by taking advantage of the talents of every member. To accomplish this, colleagues well versed in emotional intelligence can look for opportunities to motivate themselves and inspire others to work together (Goleman, 1995). Chief among the emotions that helped create a successful team, Goleman learned, was empathy—the ability to put oneself in another's shoes, whether that individual has achieved a major triumph or fallen short of personal goals (Goleman, 1998). Those high in emotional intelligence have been found to have higher self-efficacy in coping with adversity, perceive situations as challenges rather than threats, and have higher life satisfaction, which can all help lower stress levels (Law, Wong, & Song, 2004; Mikolajczak & Luminet, 2008).



Exercises

1. What is the worst job you have ever had (or class project if you haven't worked)? Did the job require emotional labour? If so, how did you deal with it?
2. Research shows that acting "happy" when you are not can be exhausting. Why do you think that is? Have you ever felt that way? What can you do to lessen these feelings?
3. How important do you think emotional intelligence is in the Golf and Club Industry? Why?

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7.4 Chapter Summary

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



Ethical Dilemma

You work at a golf course that employs 50 people. A coworker, Karen, is not your favourite person to work with. She is often late to work, can be unprofessional with coworkers, and isn't someone you can routinely count on to go above and beyond her job duties. Last week you even noticed that her breath smelled like alcohol when you spoke to her about some last-minute orders that needed to be filled. But, you don't like to rock the boat and you don't like to be disloyal to your coworkers, so you didn't say anything. However, David Chan just approached you and asked whether you smelled alcohol on Karen's breath last Thursday. You are surprised and ask him why. David mentions that he heard some gossip and wants to confirm if it is true or not.

What will you do?

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



Individual Exercise

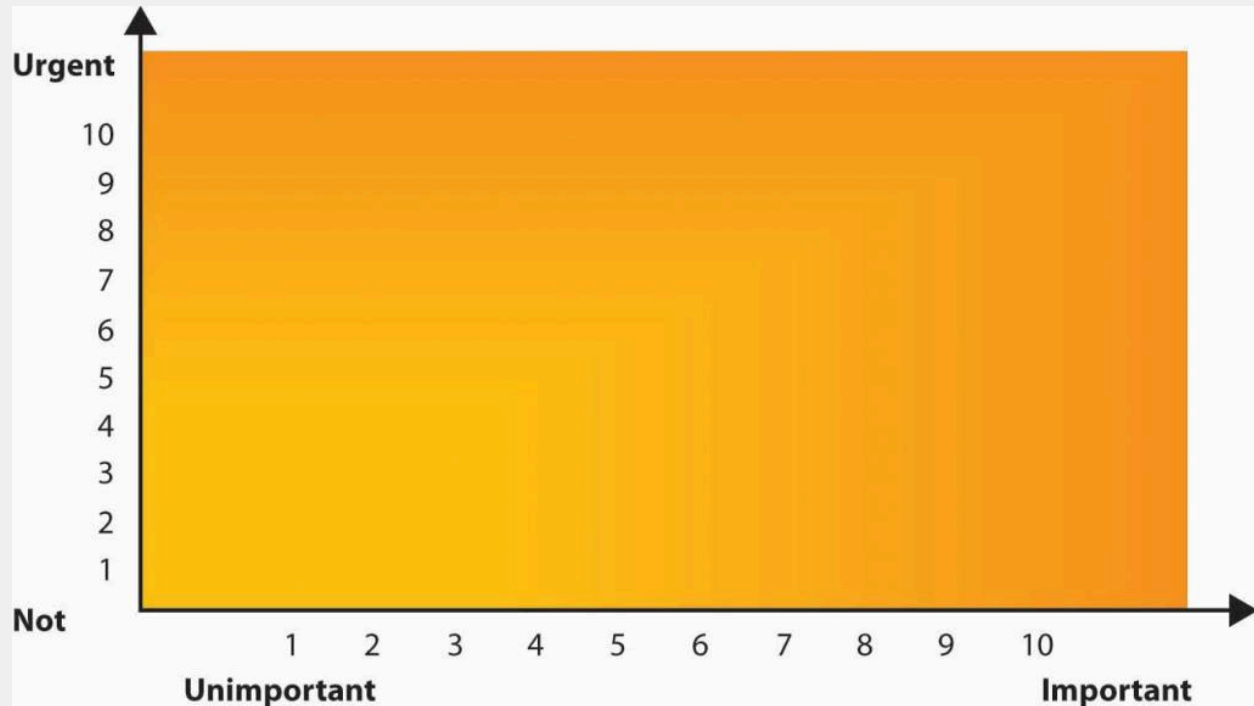
Please answer true or false for each of the statements according to how you currently manage your time.

1. True or false: I sort my mail when it comes in, open it, place it in a folder, and deal with it when I am ready to.
2. True or false: I do what my boss asks me to do immediately.
3. True or false: I don't take breaks because they waste time.
4. True or false: I answer the phone when it rings regardless of what I am doing.
5. True or false: I check my e-mails as soon as they arrive.
6. True or false: I create a "to-do" list at the start of every day.
7. True or false: I do my "heavy thinking" at the end of the day when things have calmed down.
8. True or false: I don't like to take vacations because making up the work is always too stressful.
9. True or false: Multitasking helps me be more effective at work.
10. True or false: I don't have to organize my office, since I always know where things are.



Group Exercise: Time Management Analysis

1. Create List 1: List 10 activities you did at work (or at school) yesterday.
2. Create List 2: List 5 things you think are key to doing your job well (or doing well in school).
3. Compare Lists: Now, look at both lists and write down which items from List 1 relate to List 2.
Place each activity from List 1 on the following grid.



Group Discussion

Now, as a group, discuss the following questions:

1. What trends in your time management style did you notice?
2. How much of your “work” time is being spent on things that are directly related to doing well in your work or at school?
3. What works well for you in terms of time management?
4. What steps could you take to improve your time management?
5. How could your group help one another with time management?

[“7.8: Conclusion”](#) & [“7.9: Exercises”](#) from [Organizational Behavior](#) by LibreTexts is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 3.0 International License](#), except where otherwise noted.

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CHAPTER 8: COMMUNICATION

Chapter Overview

- [8.0 Understanding Communication](#)
- [8.1 Communication Barriers](#)
- [8.2 Different Types of Communication and Channels](#)
- [8.3 The Role of Ethics and National Culture](#)
- [8.4 Chapter Summary](#)
- [8.5 Chapter References](#)



8.0 Understanding Communication



Learning Objectives

1. Define communication.
2. Outline the communication process.

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

Effective communication is crucial in the golf industry, impacting everything from member satisfaction to business operations. Clear and consistent communication between golf course staff, members and guests ensures a positive experience and fosters strong relationships.



Alice Cooper, left, talks with starter Dick Jamison while waiting to tee off. [Image by Joint Base Lewis McChord, CC BY-NC-SA 2.0](#)

Here's how communication is key in the golf industry:

1. Building Strong Relationships:

- **Open Dialogue:** Engaging in open and honest communication, even about difficult topics like course conditions or member complaints, helps build trust and rapport.
- **Active Listening:** Being a good listener and actively seeking to understand members' and guests' concerns is essential for addressing issues and improving service.

2. Maintaining Course Operations:

- **Staff Communication:** Daily communication between superintendents, golf pros, and other staff members ensures everyone is on the same page regarding course maintenance, player schedules, and course conditions.
- **Proactive Communication:** Communicating maintenance plans and anticipated changes to members in advance can help manage expectations and minimize disruptions.
- **Utilizing Technology:** Tools like two-way radios and text messaging can streamline communication and ensure efficient management of course operations.

3. Engaging with Members and Guests:

- **Diverse Communication Channels:** Utilizing various channels, including social media, email, and in-person interactions, can effectively reach different segments of the golfing audience.
- **Clear and Concise Messaging:** Ensuring that all communication is clear, concise, and easy to understand helps members and guests feel informed and valued.
- **Proactive Feedback Collection:** Gathering feedback from members and guests through surveys, social media, or in-person conversations helps identify areas for improvement and ensure a positive experience.

4. Promoting a Positive Culture:

- **Leadership Communication:** Strong leadership communication, both internally and externally, sets the tone for the golf course culture and fosters a sense of community.
- **Empowering Staff:** Empowering staff to communicate effectively with members and guests can create a more welcoming and responsive environment.
- **Building Trust:** Open and honest communication helps build trust between staff, members, and guests, creating a stronger sense of community.

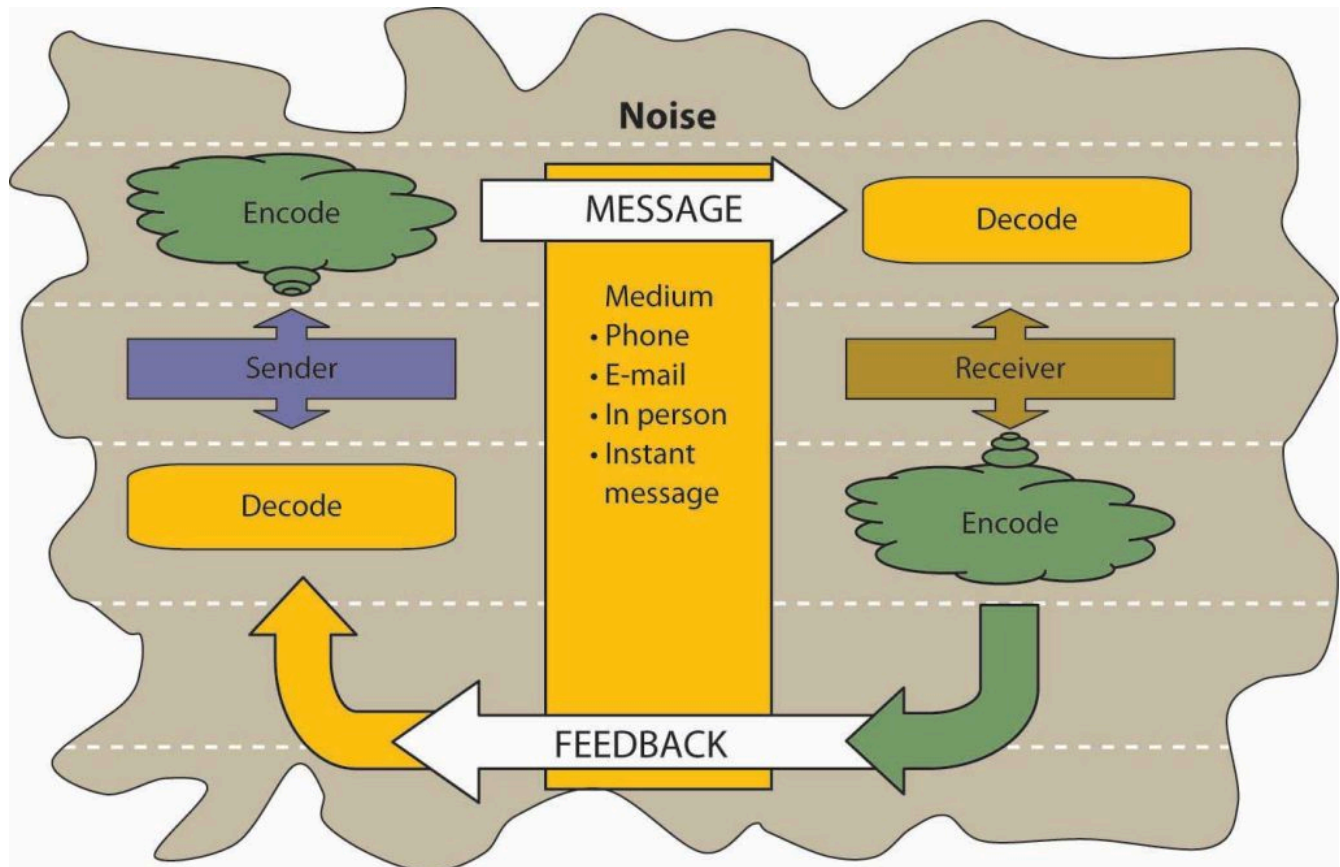
By prioritizing communication, golf courses can create a more positive and enjoyable experience for everyone involved, leading to increased member satisfaction, stronger relationships, and improved business outcomes.



The Communication Process

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

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



Process Model of Communication

Image Description

A "Sender" encodes a message and sends it through a chosen medium to the "Receiver," who decodes it. The receiver then encodes feedback and sends it back to the sender, who decodes it. Arrows indicate the direction of communication and feedback flow. The entire process is surrounded by a brown cloud labelled "Noise," indicating potential interference.



Communication Process Example

A sender, such as a boss, coworker, or customer, originates the message with a thought. For example, the boss's thought could be: *"Get more golf carts from the shed!"*

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

The boss may communicate this thought by saying, *"Hey you guys, let's get more golf carts from the shed."*

The medium of this encoded message may be spoken words, written words, or signs.

The receiver is the person who receives the message.

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

In this example, our receiver, Bill, has a to-do list a mile long. *"The boss must know how much work I already have,"* the receiver thinks. Bill's mind translates his boss's message as, *"Could you get more carts from the shed, in addition to everything else I asked you to do this week...if you can find the time?"*

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



Communication Process Example Continued

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

"Are the golf carts here yet?" Bill's boss asks.

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

"But!"

"But!"

Miscommunications like these happen in the workplace every day. We've seen that miscommunication does occur in the workplace, but how does a miscommunication happen? It helps to think of the communication

process. The series of arrows pointing the way from the sender to the receiver and back again can, and often do, fall short of their target.



Exercises

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

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8.1 Communication Barriers



Learning Objectives

1. Describe different ways that the communication process can be sidetracked.
2. Discuss the role poor listening plays in communication problems.
3. Define active listening.
4. Outline strategies to become a more effective listener.

The following are some barriers to communication.

Filtering

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

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

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

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

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

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

Selective Perception

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

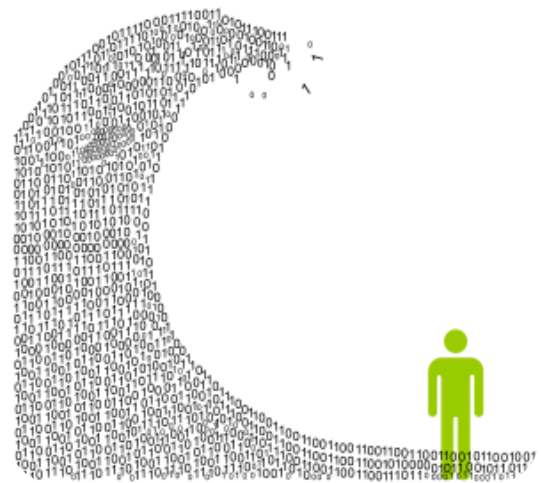
Think back to the example conversation between the person asked to retrieve more golf carts and his boss earlier in this chapter. Since Bill found the to-do list from his boss to be unreasonably demanding, he assumed the request could wait. (How else could he do everything else on the list?) The boss,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

Information Overload

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

Add these together, and it's easy to see how we may be receiving more information than we can take in. This state of imbalance is known as information overload, which occurs “when the information processing demands on an individual's time to perform interactions and internal calculations exceed the supply or capacity of time available for such processing” (Schick, Gordon, & Haka, 1990).

Others note that information overload is a symptom of the high-tech age, which is too much information for one human being to absorb in an expanding world of people and technology. It comes from all sources, including Text Messages, Social Media content, TV, newspapers, and magazines, as well as wanted and unwanted regular mail and e-mail. It has been exacerbated enormously because of the formidable number of results obtained from Web search engines and artificial intelligence.



“Social Media Information Overload” by Mark Smicklas, CC BY-NC 2.0

Emotional Disconnects

Effective communication requires a sender and a receiver who are open to speaking and listening to one another, despite possible differences in opinion or personality. One or both parties may have to put their emotions aside to achieve the goal of communicating clearly. A receiver who is emotionally upset tends to ignore or distort what the sender is saying. A sender who is emotionally upset may be unable to present ideas or feelings effectively.

Lack of Source Familiarity or Credibility

Have you ever told a joke that fell flat? You and the receiver lacked the common context that could have made it funny. (Or yes, it could have just been a lousy joke.) Sarcasm and irony are subtle and, therefore, they are potentially hurtful commodities in business. It's best to keep these types of communications out of the workplace, as their benefits are limited, and their potential dangers are great. Lack of familiarity with the sender can lead to misinterpreting humour, especially in less-rich information channels such as e-mail. Similarly, if the sender lacks credibility or is untrustworthy, the message will not get through. Receivers may be suspicious of the sender's motivations (Why is she telling me this?). Likewise, if the sender has communicated erroneous information in the past or has created false emergencies, the current message may be filtered.

Workplace Gossip

The informal gossip network known as the grapevine is a lifeline for many employees seeking information about their company (Kurland & Pelled, 2000). Employees trust their peers as a source of information, but the grapevine's informal structure can be a barrier to effective communication from the managerial point of view. Its grassroots structure gives it greater credibility in the minds of employees than information delivered

through official channels, even when that information is false. Some downsides of the office grapevine are that gossip offers politically minded insiders a powerful tool for disseminating communication (and self-promoting miscommunications) within an organization. In addition, the grapevine lacks a specific sender, which can create a sense of distrust among employees: Who is at the root of the gossip network? When the news is volatile, suspicions may arise as to the person or persons behind the message. Managers who understand the grapevine's power can use it to send and receive messages of their own. They can also decrease the grapevine's power by sending official messages quickly and accurately, should big news arise.

Semantics

Words can mean different things to different people, or they might not mean anything to another person. This is called semantics. For example, golf clubs often have their own acronyms and buzzwords (called business jargon) that are clear to them but impenetrable to outsiders. For example, in the food and beverage areas of the club, we use short forms like FOH (front of house) and BOH (back of house) to describe the functional areas of the operation.

At first glance, jargon sounds like a good thing—a quicker way to send effective communication, similar to the way text message abbreviations can send common messages in a shorter, yet understandable way. But that's not always how things happen. Jargon can be an obstacle to effective communication, causing listeners to tune out or fostering ill feelings between partners in a conversation. When jargon rules the day, the message can get obscured. A key question to ask yourself before using a phrase of jargon is, "Who is the receiver of my message?" If you are a specialist speaking to another specialist in your area, jargon may be the best way to send a message while forging a professional bond, similar to the way best friends can communicate in code.

Differences in Meaning Between the Sender and Receiver

"Mean what you say, and say what you mean." It's an easy thing to say. But in business, what do those words mean? Simply put, different words mean different things to different people. Age, education, and cultural background are all factors that influence how a person interprets words. The less we consider our audience, the greater our chances of miscommunication will be. Eliminating jargon is one way of ensuring our words will convey real-world concepts to others. Speaking to our audience, as opposed to speaking about ourselves, is another.

Managers who speak about "long-term goals and profits" to a staff that has received scant raises may find their core message ("You're doing a great job—and that benefits the folks in charge!") has infuriated the group they hoped to inspire. Instead, managers who recognize the contributions of their staff and confirm that this work is contributing to company goals in ways "that will benefit the source of our success—our employees as well as executives," will find that their core message ("You're doing a great job—we really value your work.") is received as intended, rather than being misinterpreted.

Biased Language

Words and actions that stereotype others on the basis of personal or group affiliation are examples of bias. Below is a list of words that have the potential to be offensive. The column on the right provides alternative words that can be used instead (Ashcraft & Mumby, 2003; Miller & Swift, 1980).

Avoid	Consider Using
businessman	business person
chairman	chair or chairperson
cleaning lady	cleaner or maintenance worker
manpower	staff or personnel
secretary	assistant or associate

Effective communication is clear, factual, and goal-oriented. It is also respectful. Referring to a person by one adjective (a *brain*, a “keener”) reduces the person to that one characteristic. Language that inflames or stereotypes a person poisons the communication process. Language that insults an individual or group based on age, ethnicity, sexual preference, or political beliefs violates public and private standards of decency, ranging from civil rights to corporate regulations.

The effort to create a neutral set of terms to refer to heritage and preferences has resulted in a debate over the nature of “political correctness.” Proponents of political correctness see it as a way to defuse the volatile nature of words that stereotyped groups and individuals in the past. Critics of political correctness see its vocabulary as stilted and needlessly cautious.

Many companies offer new employees written guides on standards of speech and conduct. These guides, augmented by common sense and courtesy, are solid starting points for effective, respectful workplace communication.

Tips for appropriate workplace speech include, but are not limited to, the following:

- Alternating our use of *he* and *she* when referring to people in general
- Relying on human resources–generated guidelines
- Remembering that terms that feel respectful or comfortable to us may not be comfortable or respectful to others

Poor Listening

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

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

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

How Can You Improve Your Listening Skills?

Cicero said, “Silence is one of the great arts of conversation.” How often have we been in a conversation with someone else when we are not really listening but itching to convey our portion? This behaviour is known as “rehearsing.” It suggests the receiver has no intention of considering the sender’s message and is actually

preparing to respond to an earlier point instead. Effective communication relies on another kind of listening: active listening.

Active listening can be defined as giving full attention to what other people are saying, taking time to understand the points being made, asking questions as needed, and not interrupting at inappropriate times (U.S. Department of Labour, Employment and Training Administration, 2025). Active listening creates a real-time relationship between the sender and receiver by acknowledging the content and receipt of a message. As we've seen in the Starbucks example above, repeating and confirming a message's content offers a way to confirm that the correct content is flowing between colleagues. The process creates a bond between coworkers while increasing the flow and accuracy of messaging.

Five rules for active listening:

1. Listen for message content.
2. Listen for feelings.
3. Respond to feelings.
4. Note all cues.
5. Paraphrase and restate.

The good news is that listening is a skill that can be learned (Brownell, 1990). The first step is to decide that we want to listen. Casting aside distractions, such as reducing background or internal noise, is critical. The receiver takes in the sender's message silently, without speaking.

Second, throughout the conversation, show the speaker that you're listening. You can do this nonverbally by nodding your head and keeping your attention focused on the speaker. You can also do it verbally, by saying things like "Yes," "That's interesting," or other such verbal cues. As you're listening, pay attention to the sender's body language for additional cues about how they're feeling. Interestingly, silence has a role in active listening. During active listening, we are trying to understand what has been said, and in silence, we can consider the implications. We can't consider information and object to it at the same time. That's where the power of silence comes into play. Finally, if anything is not clear to you, ask questions. Confirm that you've heard the message accurately by repeating back a crucial piece, like, "Great, I'll see you at 2:00 p.m. in my office." At the end of the conversation, a thank you from both parties is an optional but highly effective way of acknowledging each other's teamwork.

Becoming a More Effective Listener

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

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



OB Toolbox: 10 Ways to Improve Your Listening Habits

1. **Start by stopping.** Take a moment to inhale and exhale quietly before you begin to listen. Your job as a listener is to receive information openly and accurately.
2. **Don't worry about what you'll say when the time comes.** Silence can be a beautiful thing.
3. **Join the sender's team. When the sender pauses, summarize what you believe has been said.** "What I'm hearing is that we need to focus on marketing as well as sales. Is that correct?" Be attentive to physical as well as verbal communications. "I hear you saying that we should focus on marketing, but the way you're shaking your head tells me the idea may not really appeal to you—is that right?"
4. **Don't multitask while listening.** Listening is a full-time job. It's tempting to multitask when you and the sender are in different places, but doing that is counterproductive. The human mind can only focus on one thing at a time. Listening with only part of your brain increases the chances that you'll have questions later, ultimately requiring more of the speaker's time. (And when the speaker is in the same room, multitasking signals a disinterest that is considered rude.)
5. **Try to empathize with the sender's point of view.** You don't have to agree, but can you find common ground?
6. **Confused? Ask questions.** There's nothing wrong with admitting you haven't understood the sender's point. You may even help the sender clarify the message.
7. **Establish eye contact.** Making eye contact with the speaker (if appropriate for the culture) is important.
8. **What is the goal of this communication?** Ask yourself this question at different points during the communication to keep the information flow on track. Be polite. Differences in opinion can be the starting point of consensus.
9. **It's great to be surprised.** Listen with an open mind, not just for what you *want* to hear.
10. **Pay attention to what is not said.** Does the sender's body language seem to contradict the message? If so, clarification may be in order.

(Barrett, 2006).



Communication Freezers

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

1. Telling the other person what to do:
 - “You must...”
 - “You cannot...”
2. Threatening with “or else” implied:
 - “You had better...”
 - “If you don’t...”
3. Making suggestions or telling the other person what they ought to do:
 - “You should...”
 - “It’s your responsibility to...”
4. Attempting to educate the other person:
 - “Let me give you the facts.”
 - “Experience tells us that...”
5. Judging the other person negatively:
 - “You’re not thinking straight.”
 - “You’re wrong.”
6. Giving insincere praise:
 - “You have so much potential.”
 - “I know you can do better than this.”
7. Psychoanalyzing the other person:
 - “You’re jealous.”
 - “You have problems with authority.”
8. Making light of the other person’s problems by generalizing:
 - “Things will get better.”
 - “Behind every cloud is a silver lining.”
9. Asking excessive or inappropriate questions:

- “Why did you do that?”
- “Who has influenced you?”

10. Making light of the problem by kidding:

- “Think about the positive side.”
- “You think *you*’ve got problems!”

(Tramel & Reynolds, 1981).



Exercises

1. Most people are poor listeners. Do you agree or disagree with this statement? Please support your position.
2. Please share an example of how differences in shared meaning have affected you.
3. When you see a memo or e-mail full of typos, poor grammar, or incomplete sentences, how do you react? Does it affect your perception of the sender? Why or why not?
4. Give an example of selective perception.
5. Do you use jargon at work or in your classes? If so, do you think it helps or hampers communication? Why or why not?

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8.2 Different Types of Communication and Channels



Learning Objectives

1. List different types of communication.
2. Outline how communication channels affect communication.
3. Recognize different communication directions within organizations.

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

Verbal Communication

Verbal communications in business take place over the phone or in person. The medium of the message is oral.



Example

Let's return to our golf cart example. This time, the message is being conveyed from the sender (the manager) to the receiver (an employee named Bill) by phone. We've already seen how the manager's request to Bill ("Bring around more golf carts from the shed!") can go awry. Now let's look at how the same message can travel successfully from sender to receiver.

Manager (speaking on the phone): "Good morning, Bill!"

(By using the employee's name, the manager is establishing a clear, personal link to the receiver.)

Manager: "You're doing a great job."

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

Manager: "We need to maintain the right number of golf carts in the staging area outside the pro shop and ensure the proper rotation of the golf cart fleet. I would suggest at busy times we have 12 golf carts staged every 30 minutes."

(The manager breaks down the task into several steps. Each step consists of a specific task, time frame, quantity, or goal.)

Bill: "Sure thing! I'll make sure to let the back shop staff know of your instructions... 12 golf carts staged every 30 minutes "

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

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

While the process may be the same, high-stakes communications require more planning, reflection, and skill than normal day-to-day interactions at work. Examples of high-stakes communication events include asking for a raise or presenting a business plan to the owner regarding a pro shop expansion. In addition to these events, there are also many times in our professional lives when we have crucial conversations, which are defined as discussions in which not only are the stakes high, but also the opinions vary and emotions run

strong (Patterson et al., 2002). One of the most consistent recommendations from communications experts is to work toward using “*and*” instead of “*but*” when communicating under these circumstances. In addition, be aware of your communication style and practice being flexible; it is under stressful situations that communication styles can become the most rigid.



OB Toolbox: 10 Recommendations for Improving the Quality of Your Conversations

1. **Be the first to say hello.** Use your name in your introduction, in case others have forgotten it.
2. **Think before you speak.** Our impulse is often to imitate movies by offering fast, witty replies in conversation. In the real world, a careful silence can make us sound more intelligent and prevent mistakes.
3. **Be receptive to new ideas.** If you disagree with another person’s opinion, saying, “Tell me more,” can be a more useful way of moving forward than saying, “That’s stupid!”
4. **Repeat someone’s name to yourself and then aloud, when being introduced.** The form of the name you use may vary. First names work with peers. Mr. or Ms. is common when meeting superiors in business.
5. **Ask questions.** This establishes your interest in another person.
6. **Listen as much, if not more, than you speak.** This allows you to learn new information.
7. **Use eye contact.** Eye contact shows that you are engaged. Also, be sure to smile and make sure your body language matches your message.
8. **Mirror the other person.** Occasionally, repeat what they’ve said in your own words. “You mean...?”
9. **Have an exit strategy ready.** Ideal conversations are brief, leaving others wanting more.
10. **Be prepared.** Before beginning a conversation, have three simple facts about yourself and four questions about someone else in mind.

(Gabor, 1983; Post, 2005).

Written Communication

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

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

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

Picture a turf manager making a speech to a team of 20 turf employees. The manager is speaking at a normal pace. The employees appear interested. But how much information is being transmitted? Probably not as much as the speaker believes. The fact is that humans listen much faster than they speak. The average public speaker communicates at a speed of about 125 words a minute, and that pace sounds fine to the audience. (In fact, anything faster than that probably would sound unusual. To put that figure in perspective, someone having an excited conversation speaks at about 150 words a minute.) Based on these numbers, we could assume that the audience has more than enough time to take in each word the speaker delivers, which actually creates a problem. The average person in the audience can hear 400 to 500 words a minute (Lee & Hatesohl, 2008). The audience has *more than enough time* to hear. As a result, their minds may wander.

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

Nonverbal Communication

What you say is a vital part of any communication. Surprisingly, what you *don't say* can be even more important. According to one study, only 7% of a receiver's comprehension of a message is based on the sender's actual words, 38% is based on paralinguage (the tone, pace, and volume of speech), and 55% is based on *nonverbal cues* (body language) (Mehrabian, 1981). To be effective communicators, our body language, appearance, and tone must align with the words we're trying to convey. Research shows that when individuals are lying, they are more likely to blink more frequently, shift their weight, and shrug (Siegman, 1985).

In the case of performance athletes such as Tiger Woods, they communicate through performance and their non-verbal actions during competition. It is clear to the viewer when a golfer hits a good shot or misses an important putt by their actions and mannerisms. If the golfer hits a bad shot and throws their golf club in the pond or snaps it over their knee, it is clear they are not happy with their performance!

A different tone can change the perceived meaning of a message. See the table below for how clearly this can be true. If we only read these words, we would be left to wonder, but during a conversation, the tone conveys a great deal of information.



"Tiger Woods", Pixabay License



Don't Use That Tone With Me!

Changing your tone can dramatically change your meaning.

Placement of the emphasis	What it means
I did not tell John you were late.	Someone else told John you were late.
I did not tell John you were late.	This did not happen.
I did not tell John you were late.	I may have implied it.
I did not tell John you were late.	But maybe I told Sharon and José.
I did not tell John you were late.	I was talking about someone else.
I did not tell John you were late.	I told him you are still late.
I did not tell John you were late .	I told him you were attending another meeting.

(Kiely, 1993).

The following are a few examples of nonverbal cues that can support or detract from a sender's message.



Body Language

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



Eye Contact

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



Facial Expressions

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



Posture

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

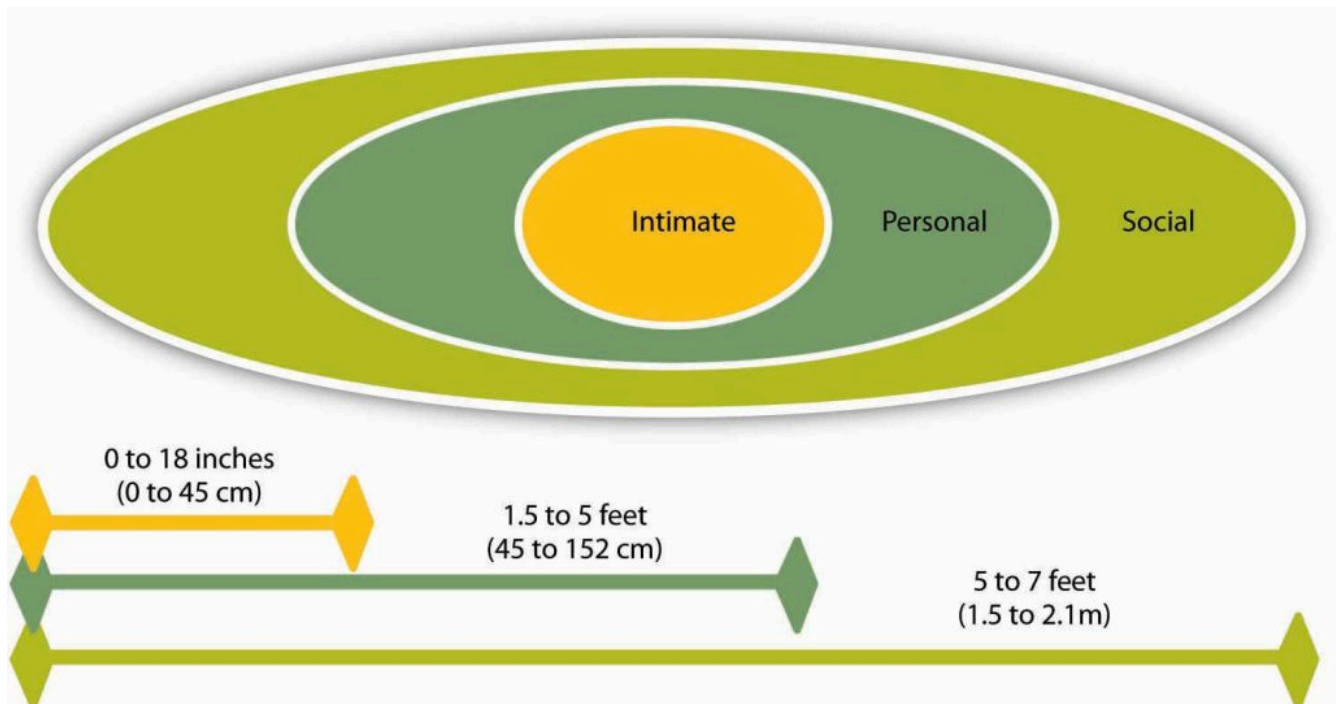


Touch

The meaning of a simple touch differs between individuals, genders, and cultures. In Mexico, when doing business, men may find themselves being grasped on the arm by another man. To pull away is seen as rude. In Indonesia, to touch anyone on the head or to touch anything with one’s foot is considered highly offensive. Americans, as we have noted above, place great value on a firm handshake. But handshaking as a competitive sport (“the bone-crusher”) can come off as needlessly aggressive both at home and abroad.



Anthropologist Edward T. Hall coined the term *proxemics* to denote the different kinds of distance that occur between people. These distances vary among cultures. The chart below outlines the basic proxemics of everyday life and their associated meaning (Hall, 1966).



The distance between speakers is partially determined by their intimacy level (Hall, 1966).

Image description

Three zones of personal space in overlapping ovals labelled "Intimate," "Personal," and "Social."

- The Intimate zone (center, orange) ranges from 0 to 18 inches (0 to 45 cm).

Standing too far away from a colleague (public speaking distance) or too close to a colleague (intimate distance for embracing) can thwart effective verbal communication in business.

Communication Channels

The channel, or medium, used to communicate a message affects how accurately the message will be received. Channels vary in their "information-richness." Information-rich channels convey more nonverbal information. Research shows that effective managers tend to use more information-rich communication

channels than less effective managers (Allen & Griffeth, 1997; Yates & Orlikowski, 1992). The figure below illustrates the information richness of different channels.

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

Table: Information channels differ in their richness. (Lengel & Daft, 1988; Daft & Lengel, 1984).

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

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

Guide for When to Use Written versus Verbal Communication

Use Written Communication When:

- Conveying facts
- The message needs to become part of a permanent file
- There is little time urgency
- You do not need immediate feedback
- The ideas are complicated

Use Verbal Communication When:

- Conveying emotion and feelings
- The message does not need to be permanent
- There is time urgency
- You need immediate feedback
- The ideas are simple or can be made simple with explanations

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

An important, although often ignored, rule when communicating emotional information is that e-mail's lack of richness can be your loss. As we saw in the chart above, e-mail is a medium-rich channel. It can convey facts quickly. But when it comes to emotion, e-mail's flaws make it a far less desirable choice than oral communication—55% of nonverbal cues that make a conversation comprehensible to a listener are missing. Researchers also note that e-mail readers don't pick up on sarcasm and other tonal aspects of writing as much as the writer believes they will (Kruger, 2005).

The sender may believe that certain emotional signifiers have been included in a message. But, with written words alone, those signifiers are not there. This gap between the form and content of e-mail inspired the rise of emoticons—symbols that offer clues to the emotional side of the words in each message. Generally speaking, however, emoticons are not considered professional in business communication.

You might feel uncomfortable conveying an emotionally laden message verbally, especially when the message contains unwanted news. Sending an e-mail to your staff that there will be no bonuses this year may

seem easier than breaking the bad news face-to-face, but that doesn't mean that e-mail is an effective or appropriate way to break this kind of news. When the message is emotional, the sender should use verbal communication. Indeed, a good rule of thumb is that more emotionally laden messages require more thought in the choice of channel and how they are communicated.



Career Advice

Communication can occur without you even realizing it. Consider the following: Is your e-mail name professional? The typical convention for business e-mail contains some form of your name. While an e-mail name like "LazyGirl" or "DeathMonkey" may be fine for chatting online with your friends, they may send the wrong signal to individuals you e-mail, such as professors and prospective employers.

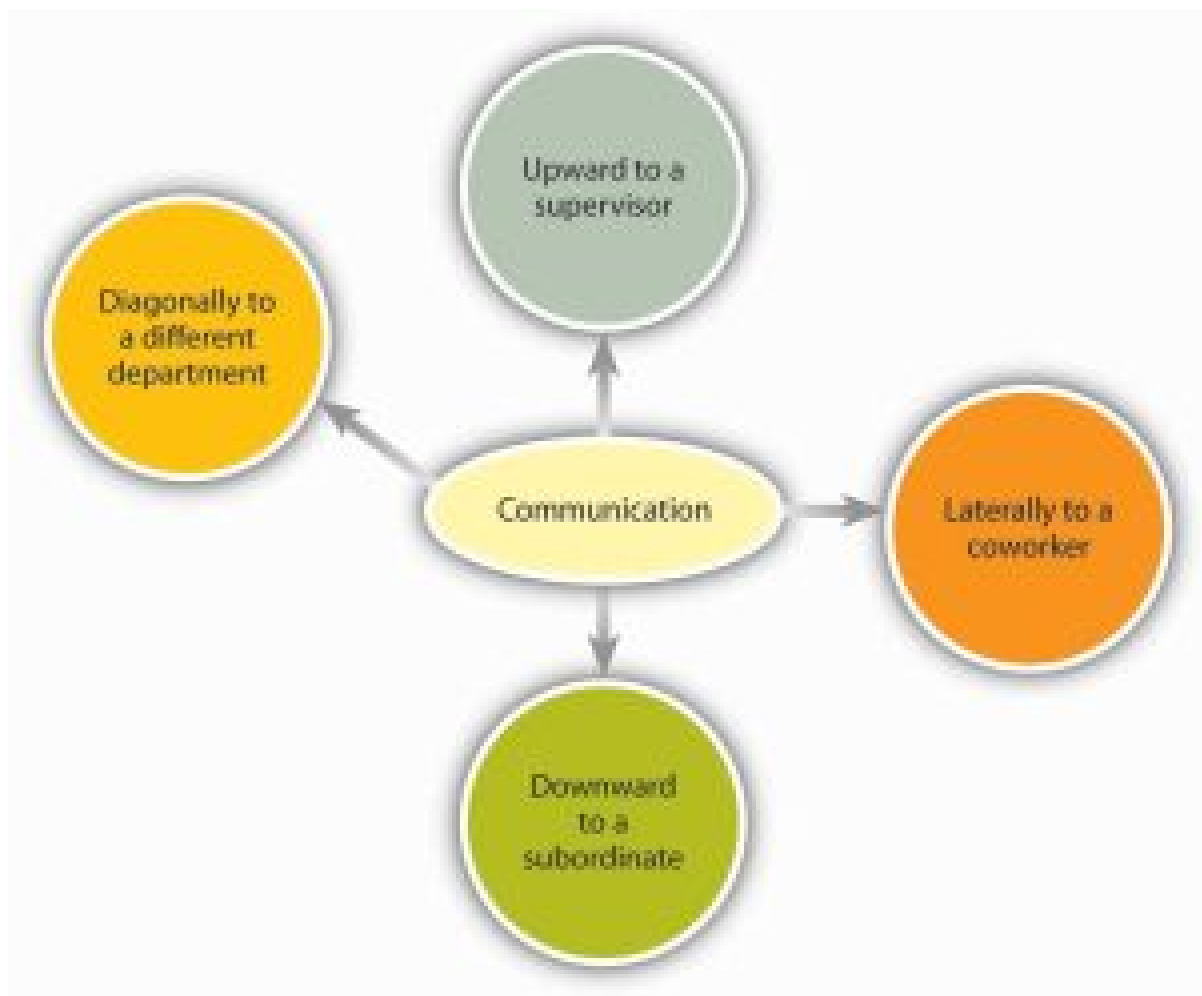
Is your outgoing voicemail greeting professional? If not, change it. Faculty and prospective recruiters will draw certain conclusions if, upon calling you, they get a message that screams, "Party, party, party!"

Do you have a "public" social network? Facebook, Instagram, TikTok, LinkedIn? If so, consider what it says about you to employers or club members. If it is information you wouldn't share at work, it probably shouldn't be there.

Googled yourself lately? If not, you probably should. Potential employers have begun searching the Web as part of background checking, and you should be aware of what's out there about you.

Direction of Communication Within Organizations

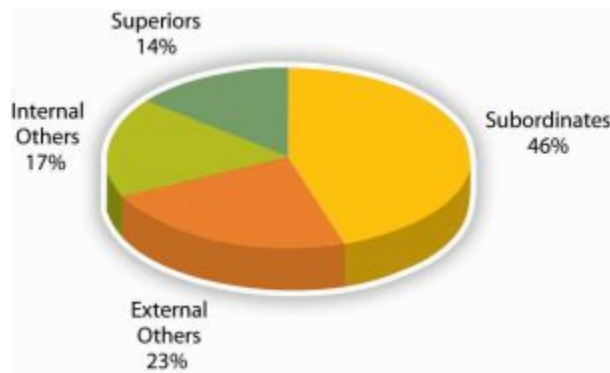
Information can move horizontally, from a sender to a receiver, as we've seen. It can also move vertically, down from top management, or up from the front line. Information can also move diagonally between and among levels of an organization, such as a message from a customer service rep to a manager in the manufacturing department or a message from the chief financial officer sent down to all department heads.



Organizational communication travels in many different directions.

The organizational status of the sender can impact the receiver's attentiveness to the message. For example, consider the following: A senior manager sends a memo to a production supervisor. The supervisor, who has a lower status within the organization, is likely to pay close attention to the message. The same information conveyed in the opposite direction, however, might not get the attention it deserves. The message would be filtered by the senior manager's perception of priorities and urgencies.

Requests are just one kind of communication in business. Other communications, either verbal or written, may seek, give, or exchange information. Research shows that frequent communications with one's supervisor are related to better job performance ratings and overall organizational performance (Snyder & Morris, 1984; Kacmar et al., 2003). Research also shows that lateral communication done between peers can influence important organizational outcomes such as turnover (Krackhardt & Porter, 1986).



How Managers Spend Time Communicating. (Luthans & Larsen, 1986).

External Communications

External communications deliver specific business messages to individuals outside an organization. They may announce changes in staff or strategy, earnings, and more. The goal of external communication is to create a specific message that the receiver will understand and share with others. Examples of external communications include the following.

Press Releases

Public relations professionals create external communications about a client's product, services, or practices for specific audiences. These receivers, it is hoped, will share the message with others. In time, as the message is passed along, it should *appear* to be independent of the sender, creating the illusion of an independently generated consumer trend, public opinion, and so on.

The message of a public relations effort may be *b2b* (business-to-business), *b2c* (business-to-consumer), or media-related. The message can take different forms. Press releases try to convey a newsworthy message, real or manufactured. It may be constructed like a news item, inviting editors or reporters to reprint the message in part or as a whole, with or without acknowledgement of the sender's identity. Public relations campaigns create messages over time through contests, special events, trade shows, and media interviews in addition to press releases.

Ads

Advertising places external business messages before target receivers through media buys. A media buy is a fee that is paid to a television network, website, magazine, or other media by an advertiser to insert an advertisement. The fee is based on the perceived value of the audience who watches, reads, listens to, or frequents the space where the ad will appear.

In recent years, receivers have begun to filter advertisers' messages. This phenomenon is perceived to be a result of the large number of ads the average person sees each day and a growing level of consumer wariness of paid messaging. Advertisers, in turn, are trying to create alternative forms of advertising that receivers won't filter. The *advertorial* is one example of an external communication that combines the look of an article with the focused message of an ad. Product placements in social media content, posts, videos, etc., are other ways that advertisers strive to reach the audience with commercial messages.

Web Pages

A Web page's external communication can combine elements of public relations, advertising, and editorial content, reaching receivers on multiple levels and in multiple ways. Banner ads, blogs, and advertiser-driven "click-through" areas are just a few of the elements that allow a business to deliver a message to a receiver online. The perceived flexibility of online communications can impart a less formal (and therefore, more believable) quality to an external communication.

Customer Communications

Customer communications can include letters, direct mail, e-mails, text messages, and messages on social media or online reviews. Some receivers automatically filter these types of bulk messages. Others will be receptive. The key to a successful external communication to customers is to convey a business message in a personally compelling way—dramatic news, a money-saving or tangible offer, and so forth.



Exercises

1. How aware are you of your own body language? Has your body language ever gotten you in trouble while communicating with someone?
2. In your experience, how is silence used in communication?
3. If the meaning behind verbal communication is only 7% words, what does this imply for written communication?
4. How could you use your knowledge of communication richness to be more effective in your own communications?
5. What are the three biggest advantages and disadvantages you see regarding technology and communications?

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8.3 The Role of Ethics and National Culture



Learning Objectives

1. Outline the role of ethics in communication.
2. Outline the role of national culture in communication.



Examples of Ethical Communication in Business

- **Transparent Advertising:** Clearly and accurately representing products or services, avoiding false or misleading claims.
- **Open Communication with Employees:** Providing honest and timely information about company changes and updates.
- **Acknowledging Mistakes:** Taking responsibility for errors and communicating them openly and honestly.
- **Protecting Confidential Information:** Safeguarding sensitive data and respecting the privacy of individuals.
- **Using Language Ethically:** Avoiding language that is biased, discriminatory, or disrespectful.

Cross-Cultural Communication

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

The different and often “multicultural” identities of individuals in the same organization can lead to some unexpected and potentially large miscommunications. Miscommunications can arise between individuals of the same culture as well. Many words in the English language mean different things to different people. Words can be misunderstood if the sender and receiver do not share common experiences. A sender’s words cannot communicate the desired meaning if the receiver has not had some experience with the objects or concepts the words describe (Effective communication, 2004).

It is particularly important to keep this fact in mind when you are communicating with individuals who may

not speak English as a first language. For example, when speaking with nonnative English-speaking colleagues, avoid “isn’t it?” questions. This sentence construction does not exist in many other languages and can be confusing for nonnative English speakers.

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

Finally, don’t forget the role of nonverbal communication. As we learned in the nonverbal communication section, in North America, looking someone in the eye when talking is considered a sign of trustworthiness. In China, by contrast, a lack of eye contact conveys respect.



Gestures

V” for Victory. In North America, this gesture means peace or victory, but in England and Australia, it can be offensive, meaning something like “take this!”

The “OK” Gesture. In North America, it means “OK,” but in France, it implies worthlessness, in Japan, it means money, and in Brazil, Russia, and Germany, it has vulgar meanings.

Thumbs Up. In North America, it means “good job,” but in Germany, it means “one,” and in Japan, “five,” which may cause confusion.

“Hook ’em Horns”. A Texas university symbol, but in Italy, it implies being tricked, and in Brazil and Venezuela, it’s used to ward off evil.

Waving Hand. In North America, it’s a friendly greeting or way to get attention, while in much of Europe, it signals disagreement.

(Axtell, 1998).



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



Exercises

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

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8.4 Chapter Summary

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

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CHAPTER 9: MANAGING GROUPS AND TEAMS

Chapter Overview

- [9.0 Group Dynamics](#)
- [9.1 Understanding Team Design Characteristics](#)
- [9.2 Management of Teams](#)
- [9.3 Barriers to Effective Teams](#)
- [9.4 The Role of Ethics and National Culture](#)
- [9.5 Chapter Summary](#)
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9.0 Group Dynamics



Learning Objectives

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

Types of Groups: Formal and Informal

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

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

Stages of Group Development: Tuckman Model

American organizational psychologist Bruce Tuckman presented a robust model in 1965 that is still widely used today. Based on his observations of group behaviour in a variety of settings, he proposed a four-stage map of group evolution, also known as the forming-storming-norming-performing model (Tuckman, 1965). Later, he enhanced the model by adding a fifth and final stage, the adjourning phase. Interestingly enough, just as an individual moves through developmental stages such as childhood, adolescence, and adulthood, so does a group, although in a much shorter period of time. According to this theory, in order to successfully facilitate a group, the leader needs to move through various leadership styles over time. Generally, this is accomplished by first being more directive, eventually serving as a coach, and later, once the group is able to assume more power and responsibility for itself, shifting to a delegator. While research has not confirmed that this is descriptive of how groups progress, knowing and following these steps can help groups be more effective. For example, groups that do not go through the storming phase early on will often return to this

stage toward the end of the group process to address unresolved issues. Another example of the validity of the group development model involves groups that take the time to get to know each other socially in the forming stage. When this occurs, groups tend to handle future challenges better because the individuals have an understanding of each other's needs.

Forming

In the forming stage, the group comes together for the first time. The members may already know each other or they may be total strangers. In either case, there is a level of formality, some anxiety, and a degree of guardedness as group members are not sure what is going to happen next. "Will I be accepted? What will my role be? Who has the power here?" These are some of the questions participants think about during this stage of group formation. Because of the large amount of uncertainty, members tend to be polite, conflict-avoidant, and observant. They are trying to figure out the "rules of the game" without being too vulnerable. At this point, they may also be quite excited and optimistic about the task at hand, perhaps experiencing a level of pride at being chosen to join a particular group. Group members are trying to achieve several goals at

this stage, although this may not necessarily be done consciously. First, they are trying to get to know each other. Often, this can be accomplished by finding some common ground. Members also begin to explore group boundaries to determine what will be considered acceptable behaviour. "Can I interrupt? Can I leave when I feel like it?" This trial phase may also involve testing the appointed leader or seeing if a leader emerges from the group. At this point, group members are also discovering how the group will work in terms of what needs to be done and who will be responsible for each task. This stage is often characterized by abstract discussions about issues to be addressed by the group; those who like to get moving can become impatient with this part of the process. This phase is usually short in duration, perhaps a meeting or two.



["Tuckman's Linear Model of Group Development" by eCampus Ontario, CC BY-SA 4.0 \(Click to enlarge\)](#)

Storming

Once group members feel sufficiently safe and included, they tend to enter the storming phase. Participants focus less on keeping their guard up as they shed social facades, becoming more authentic and more argumentative. Group members begin to explore their power and influence, and they often stake out their territory by differentiating themselves from the other group members rather than seeking common ground. Discussions can become heated as participants raise contending points of view and values, or argue over how tasks should be done and who is assigned to them. It is not unusual for group members to become defensive, competitive, or jealous. They may even take sides or begin to form cliques within the group. Questioning and resisting direction from the leader is also quite common. "Why should I have to do this? Who designed this project in the first place? Why do I have to listen to you?" Although little seems to get accomplished at this stage, group members are becoming more authentic as they express their deeper thoughts and feelings. What they are really exploring is "Can I truly be me, have power, and be accepted?" During this chaotic stage, a great deal of creative energy that was previously buried is released and available for use, but it takes skill to move the group from storming to norming. In many cases, the group gets stuck in the storming phase.



OB Toolbox: Avoid Getting Stuck in the Storming Phase!

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

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

Once group members discover that they can be authentic and that the group is capable of handling differences without dissolving, they are ready to enter the next stage, norming.

Norming

"We survived!" is the common sentiment at the norming stage. Group members often feel elated at this point, and they are much more committed to each other and the group's goal. Feeling energized by knowing they can handle the "tough stuff," group members are now ready to get to work. Finding themselves more cohesive and cooperative, participants find it easy to establish their own ground rules (or *norms*) and define their operating procedures and goals. The group tends to make big decisions, while subgroups or individuals handle the smaller decisions. Hopefully, at this point, the group is more open and respectful toward each other, and members ask each other for both help and feedback. They may even begin to form friendships and share more personal information with each other. At this point, the leader should become more of a facilitator by stepping back and letting the group assume more responsibility for its goal. Since the group's energy is running high, this is an ideal time to host a social or team-building event.

Performing

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

Adjourning

Just as groups form, so do they end. For example, many groups or teams formed in a business context are project-oriented and therefore are temporary in nature. Alternatively, a working group may dissolve due to an organizational restructuring. Just as when we graduate from school or leave home for the first time, these endings can be bittersweet, with group members feeling a combination of victory, grief, and insecurity about what is coming next. For those who like routine and bond closely with fellow group members, this transition can be particularly challenging. Group leaders and members alike should be sensitive to handling these endings respectfully and compassionately. An ideal way to close a group is to set aside time to debrief (“How did it all go? What did we learn?”), Acknowledge each other and celebrate a job well done.

Cohesion

Cohesion can be thought of as a kind of social glue. It refers to the degree of camaraderie within the group. Cohesive groups are those in which members are attached to each other and act as one unit. Generally speaking, the more cohesive a group is, the more productive it will be and the more rewarding the experience will be for the group’s members (Beal et al., 2003; Evans & Dion, 1991). Members of cohesive groups tend to have the following characteristics: They have a collective identity; they experience a moral bond and a desire to remain part of the group; they share a sense of purpose, working together on a meaningful task or cause; and they establish a structured pattern of communication.

The fundamental factors affecting group cohesion include the following:

- **Similarity.** The more similar group members are in terms of age, sex, education, skills, attitudes, values, and beliefs, the more likely the group will bond.
- **Stability.** The longer a group stays together, the more cohesive it becomes.
- **Size.** Smaller groups tend to have higher levels of cohesion.
- **Support.** When group members receive coaching and are encouraged to support their fellow team members, group identity strengthens.
- **Satisfaction.** Cohesion is correlated with how pleased group members are with each other’s performance, behaviour, and conformity to group norms.

As you might imagine, there are many benefits to creating a cohesive group. Members are generally more personally satisfied and feel greater self-confidence and self-esteem when in a group where they feel they

belong. For many, membership in such a group can be a buffer against stress, which can improve mental and physical well-being. Because members are invested in the group and its work, they are more likely to regularly attend and actively participate in the group, taking more responsibility for the group's functioning. In addition, members can draw on the strength of the group to persevere through challenging situations that might otherwise be too hard to tackle alone.



OB Toolbox: Steps to Creating and Maintaining a Cohesive Team

- **Align the group with the greater organization.** Establish common objectives in which members can get involved.
- **Let members have choices in setting their own goals.** Include them in decision making at the organizational level.
- **Define clear roles.** Demonstrate how each person's contribution furthers the group goal—everyone is responsible for a special piece of the puzzle.
- **Situate group members in close proximity to each other.** This builds familiarity.
- **Give frequent praise.** Both individuals and groups benefit from praise. Also, encourage them to praise each other. This builds individual self-confidence, reaffirms positive behaviour, and creates an overall positive atmosphere.
- **Treat all members with dignity and respect.** This demonstrates that there are no favourites and everyone is valued.
- **Celebrate differences.** This highlights each individual's contribution while also making diversity a norm.
- **Establish common rituals.** Thursday morning coffee, monthly potlucks—these reaffirm group identity and create shared experiences.

Can a Group Have Too Much Cohesion?

Keep in mind that groups can have too much cohesion. Because members can come to value belonging over all else, an internal pressure to conform may arise, causing some members to modify their behaviour to adhere to group norms. Members may become conflict-avoidant, focusing more on trying to please each other so as not to be ostracized. In some cases, members might censor themselves to maintain the party line. As such, there is a superficial sense of harmony and less diversity of thought. Having less tolerance for deviants, who threaten the group's static identity, cohesive groups will often excommunicate members who dare to disagree. Members attempting to make a change may even be criticized or undermined by other members, who perceive this as a threat to the status quo. The painful possibility of being marginalized can keep many members in line with the majority.

The more strongly members identify with the group, the easier it is to see outsiders as inferior, or enemies in extreme cases, which can lead to increased insularity. This form of prejudice can have a downward spiral effect. Not only is the group not getting corrective feedback from within its own confines, but it is also closing itself off from input and a cross-fertilization of ideas from the outside. In such an environment, groups can easily adopt extreme ideas that will not be challenged. Denial increases as problems are ignored and failures are blamed on external factors. With limited, often biased, information and no internal or external opposition,

groups like these can make disastrous decisions. Groupthink is a group pressure phenomenon that increases the risk of the group making flawed decisions by allowing reductions in mental efficiency, reality testing, and moral judgment. Groupthink is most common in highly cohesive groups (Janis, 1972).

Cohesive groups can go awry in much milder ways. For example, group members can value their social interactions so much that they have fun together but spend little time on accomplishing their assigned task. Or a group's goal may begin to diverge from the larger organization's goal, and those trying to uphold the organization's goal may be ostracized (e.g., teasing the class "brain" for doing well in school).

In addition, research shows that cohesion leads to acceptance of group norms (Goodman, Ravlin, & Schminke, 1987). Groups with high task commitment do well, but imagine a group where the norms are to work as little as possible? As you might imagine, these groups get little accomplished and can actually work together against the organization's goals.

Social Loafing

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

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



OB Toolbox: Tips for Preventing Social Loafing in Your Group

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

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

Collective Efficacy

Collective efficacy refers to a group's perception of its ability to perform well (Bandura, 1997). Collective efficacy is influenced by a number of factors, including watching others (“that group did it and we're better than them”), verbal persuasion (“we can do this”), and how a person feels (“this is a good group”). Research shows that a group's collective efficacy is related to its performance (Gully et al., 2002; Porter, 2005; Tasa, Taggar, & Seijts, 2007). In addition, this relationship is higher when task interdependence (the degree an individual's task is linked to someone else's work) is high rather than low.



Exercises

1. If you believe the punctuated-equilibrium model is true about groups, how can you use this knowledge to help your own group?
2. Think about the most cohesive group you have ever been in. How did it compare in terms of similarity, stability, size, support, and satisfaction?
3. Why do you think social loafing occurs within groups?
4. What can be done to combat social loafing?
5. Have you seen instances of collective efficacy helping or hurting a team? Please explain your answer.

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9.1 Understanding Team Design Characteristics



Learning Objectives

1. Distinguish between groups and teams.
2. List the factors leading to the rise in the use of teams.
3. Explain how tasks and roles affect teams.
4. Identify different types of teams.
5. Identify team design considerations.

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

Differences Between Groups and Teams

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

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

The purpose of assembling a team is to accomplish larger, more complex goals than what would be possible for an individual working alone or even the simple sum of several individuals working independently. Teamwork is also needed in cases in which multiple skills are tapped or where buy-in is required from several individuals. Teams can, but do not always, provide improved performance. Working together to further a team

agenda seems to increase mutual cooperation between what are often competing factions. The aim and purpose of a team is to perform, get results, and achieve victory in the workplace. The best managers are those who can gather together a group of individuals and mold them into an effective team.

The key properties of a true team include collaborative action in which, along with a common goal, teams have collaborative tasks. Conversely, in a group, individuals are responsible only for their own area. They also share the rewards of strong team performance with their compensation based on shared outcomes. Compensation of individuals must be based primarily on a shared outcome, not individual performance. Members are also willing to sacrifice for the common good, in which individuals give up scarce resources for the common good instead of competing for those resources. For example, in soccer and basketball teams, the individuals actively help each other, forgo their own chance to score by passing the ball, and win or lose collectively as a team.

Team Tasks

Teams differ in terms of the tasks they are trying to accomplish. Richard Hackman identified three major classes of tasks: production tasks, idea-generation tasks, and problem-solving tasks (Hackman, 1976). Production tasks include actually making something, such as a building, product, or marketing plan. Idea-generation tasks deal with creative tasks, such as brainstorming a new direction or creating a new process. Problem-solving tasks refer to coming up with plans for actions and making decisions. For example, a team may be charged with coming up with a new marketing slogan, which is an idea-generation task, while another team might be asked to manage an entire line of products, including making decisions about products to produce, managing the production of the product lines, marketing them, and staffing their division. The second team has all three types of tasks to accomplish at different points in time.

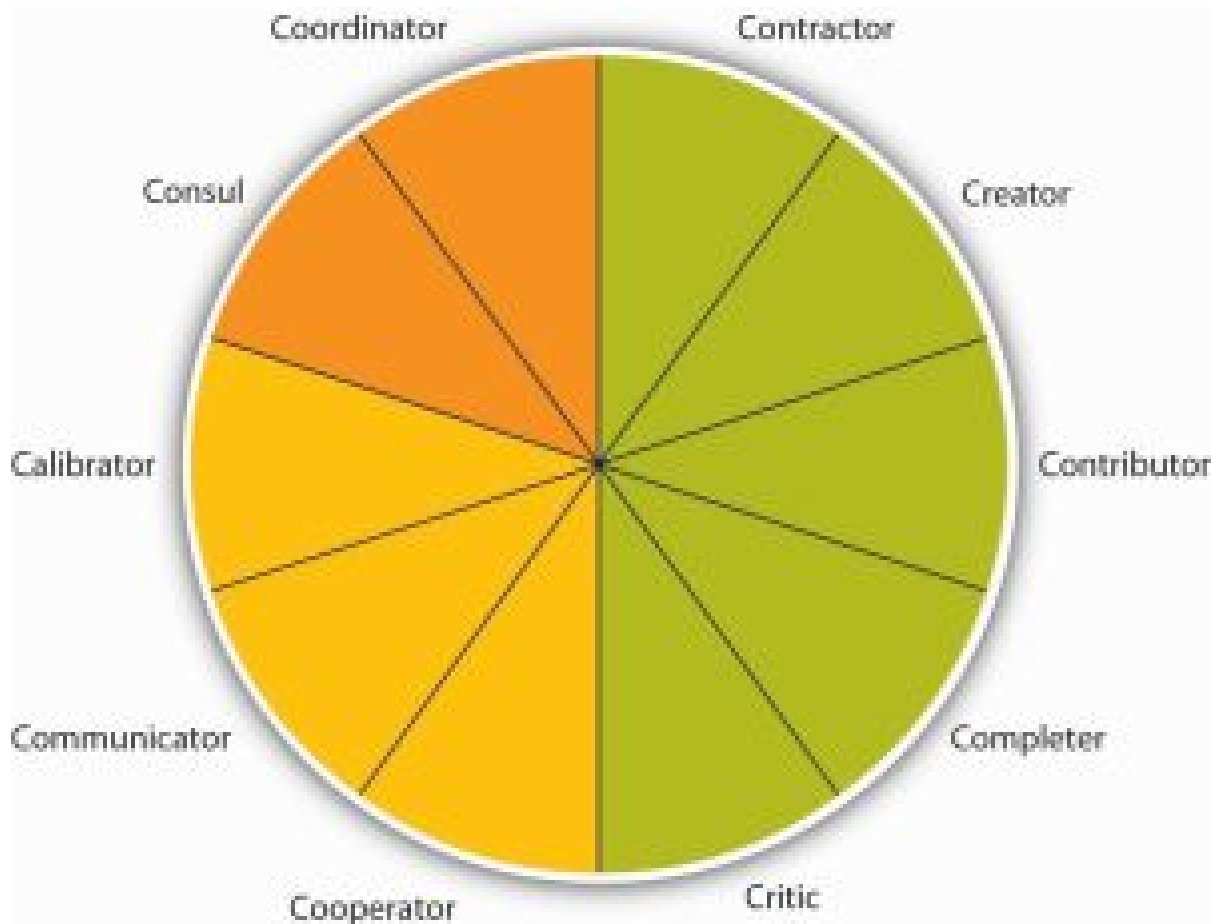
Another key to understanding how tasks are related to teams is to understand their level of task interdependence. Task interdependence refers to the degree to which team members are dependent on one another to get information, support, or materials from other team members to be effective. Research shows that self-managing teams are most effective when their tasks are highly interdependent (Langfred, 2005; Liden, Wayne, & Bradway, 1997). There are three types of task interdependence. Pooled interdependence exists when team members may work independently and simply combine their efforts to create the team's output. For example, when students meet to divide the section of a research paper and one person simply puts all the sections together to create one paper, the team is using the pooled interdependence model. However, they might decide that it makes more sense to start with one person writing the introduction of their research paper, then the second person reads what was written by the first person and, drawing from this section, writes about the findings within the paper. Using the findings section, the third person writes the conclusions. If one person's output becomes another person's input, the team would be experiencing sequential interdependence. And finally, if the student team decided that in order to create a top-notch research paper, they should work together on each phase of the research paper so that their best ideas would be captured at each stage, they would be undertaking reciprocal interdependence. Another important type of interdependence that is not specific to the task itself is outcome interdependence, in which the rewards that an individual receives depend on the performance of others.

Team Roles

Studies show that individuals who are more aware of team roles and the behaviour required for each role perform better than individuals who do not. This fact remains true for both student project teams as well as work teams, even after accounting for intelligence and personality (Mumford et al., 2008). Early research found that teams tend to have two categories of roles, consisting of those related to the tasks at hand and those related to the team's functioning. For example, teams that focus only on production at all costs may be successful in the short run, but if they pay no attention to how team members feel about working 70 hours a week, they are likely to experience high turnover.

Teams are based on many roles being carried out, as summarized by the Team Role Typology. These 10 roles include task roles (contractor, creator, contributor, completer, and critic), social roles (calibrator, communicator, and cooperater), and boundary-spanning roles (consul and coordinator). These 10 roles include task roles (green), social roles (yellow), and boundary-spanning roles (orange) (Mumford et al., 2008).

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



Task Roles

Five roles make up the task portion of the typology. The contractor role includes behaviours that serve to organize the team's work, including creating team timelines, production schedules, and task sequencing. The creator role deals more with changes in the team's task process structure. For example, reframing the team goals and looking at the context of goals would fall under this role. The contributor role is important because it brings information and expertise to the team. This role is characterized by sharing knowledge and training with those who have less expertise to strengthen the team. Research shows that teams with highly intelligent members and evenly distributed workloads are more effective than those with uneven workloads (Ellis et al., 2003). The completer role is also important, as it transforms ideas into action. Behaviours associated with this role include following up on tasks, such as gathering needed background information or summarizing the team's ideas into

reports. Finally, the critic role includes “devil’s advocate” behaviours that go against the assumptions being made by the team.

Social Roles

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

Boundary-Spanning Roles

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

Types of Teams

There are several types of temporary teams. In fact, one-third of all teams in the United States are temporary in nature (Gordon, 1992). An example of a temporary team is a task force that is asked to address a specific issue or problem until it is resolved. Other teams may be temporary or ongoing, such as product development teams. In addition, matrix organizations have cross-functional teams in which individuals from different parts of the organization staff the team, which may be temporary or long-standing in nature.

Virtual teams are teams in which members are not located in the same physical place. They may be in different cities, states, or even different countries. Some virtual teams are formed by necessity, such as to take advantage of lower labour costs in different countries, with upwards of 8.4 million individuals working virtually in at least one team (Ahuja & Galvin, 2003). As of 2023, estimates suggest that 14 million people work online

(Kässi et. al., 2021). Often, virtual teams are formed to take advantage of distributed expertise or time—the needed experts may be living in different cities. A company that sells products around the world, for example, may need technologists who can solve customer problems at any hour of the day or night. It may be difficult to find the calibre of people needed who would be willing to work at 2:00 a.m. on a Saturday, for example.

Despite potential benefits, virtual teams present special management challenges. Managers often think that they have to see team members working in order to believe that work is being done. Because this kind of oversight is impossible in virtual team situations, it is important to devise evaluation schemes that focus on deliverables. Are team members delivering what they said they would? In self-managed teams, are team members producing the results that the team decided to measure itself on?

Another special challenge of virtual teams is building trust. Will team members deliver results just as they would in face-to-face teams? Can members trust each other to do what they said they would do? Companies often invest in bringing a virtual team together at least once so members can get to know each other and build trust (Kirkman et al., 2002). In manager-led virtual teams, managers should be held accountable for their team's results and evaluated on their ability as a team leader.

Finally, communication is especially important in virtual teams, be it through e-mail, text messages, phone calls, conference calls, or project management tools that help organize work. If individuals in a virtual team are not fully engaged and tend to avoid conflict, team performance can suffer (Montoya-Weiss, Massey, & Song, 2001). A wiki is an Internet-based method for many people to collaborate and contribute to a document or discussion. Essentially, the document remains available for team members to access and amend at any time. The most famous example is Wikipedia, which is gaining traction as a way to structure project work globally and get information into the hands of those who need it. Empowered organizations put information into everyone's hands (Kirkman & Rosen, 2000). Research shows that empowered teams are more effective than those that are not empowered (Mathieu, Gilson, & Ruddy, 2006).

Top management teams are appointed by the chief executive officer (CEO) and, ideally, reflect the skills and areas that the CEO considers vital for the company. There are no formal rules about top management team design or structure. The top team often includes representatives from functional areas, such as finance, human resources, and marketing, or key geographic areas, such as Europe, Asia, and North America. Depending on the company, other areas may be represented, such as legal counsel or the company's chief technologist. Typical top management team member titles include chief operating officer (COO), chief financial officer (CFO), chief marketing officer (CMO), or chief technology officer (CTO). Because CEOs spend an increasing amount of time outside their companies (e.g., with suppliers, customers, and regulators), the role of the COO has taken on a much higher level of internal operating responsibilities. In most American companies, the CEO also serves as chairman of the board and can have the additional title of president. Companies have top teams to help set the company's vision and strategic direction. Top teams make decisions on new markets, expansions, acquisitions, or divestitures. The top team is also important for its symbolic role: How the top team behaves dictates the organization's culture and priorities by allocating resources and by modelling behaviours that will likely be emulated lower down in the organization. Importantly, the top team is most effective when team composition is diverse—functionally and demographically when it can truly operate as a *team*, not just as a *group* of individual executives (Carpenter, Geletkanycz, & Sanders, 2004). There is a similar arrangement at private golf clubs, with an added component of a board of directors, which is elected by the club and assists in the vision of the organization.

Team Leadership and Autonomy

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

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

Organizations began to use self-managed teams as a way to reduce hierarchy by allowing team members to complete tasks and solve problems on their own. The benefits of self-managed teams extend much further. Research has shown that employees in self-managed teams have higher job satisfaction, increased self-esteem, and grow more on the job. The benefits to the organization include increased productivity, increased flexibility, and lower turnover. Self-managed teams can be found at all levels of the organization, and they bring particular benefits to lower-level employees by giving them a sense of ownership of their jobs that they may not otherwise have. The increased satisfaction can also reduce absenteeism, because employees do not want to let their team members down.

Typical team goals are improving quality, reducing costs, and meeting deadlines. Teams also have a “stretch” goal—a goal that is difficult to reach but important to the business unit. Many teams also have special project goals.

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

Traditionally managed teams	Self-managed teams	Self-directed team
• The leader resides outside the team • Potential for low autonomy	• The team manages itself, but still has a team leader • Potential for low, medium, or high autonomy	• The team makes all decisions internally about leadership and how work is done • Potential for high autonomy

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

Designing Effective Teams

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

Who Are the Best Individuals for the Team?

A key consideration when forming a team is to ensure that all the team members are qualified for the roles they will fill for the team. This process often entails understanding the knowledge, skills, and abilities (KSAs) of team members as well as the personality traits needed before starting the selection process (Humphrey et al., 2007). When talking to potential team members, be sure to communicate the job requirements and norms of the team. To the degree that this is not possible, such as when already existing groups are utilized, think of ways to train the team members as much as possible to help ensure success. In addition to task knowledge, research has shown that individuals who understand the concepts covered in this chapter and in this book, such as conflict resolution, motivation, planning, and leadership, actually perform better on their jobs.

How Large Should My Team Be?

The ideal size for a team depends on the task at hand. Groups larger than 10 members tend to be harder to coordinate and often break into subteams to accomplish the work at hand. Interestingly, research has shown that regardless of team size, the most active team member speaks 43% of the time. The difference is that the team member who participates the least in a 3-person team is still active 23% of the time versus only 3% in a 10-person team (McGrath, 1984; Solomon, 1960). When deciding team size, a good rule of thumb is a size of two to 20 members. Research shows that groups with more than 20 members have less cooperation (Gratton & Erickson, 2007).

The majority of teams have 10 members or fewer, because the larger the team, the harder it is to coordinate and interact as a team. With fewer individuals, team members are more able to work through differences and agree on a common plan of action. They have a clearer understanding of others' roles and greater accountability to fulfill their roles (remember social loafing?). Some tasks, however, require larger team sizes because of the need for diverse skills or because of the complexity of the task. In those cases, the best solution is to create subteams in which one member from each subteam is a member of a larger coordinating team. The relationship between team size and performance seems to greatly depend on the level of task interdependence, with some studies finding larger teams outproducing smaller teams and other studies finding just the opposite (Campion, Medsker, & Higgs, 1993; Magjuka & Baldwin, 1991; Vinokur-Kaplan, 1995). The bottom line is that team size should be matched to the goals of the team.



"Marching Mowers" by [Brett Chisum](#), CC BY-NC 2.0

How Diverse Should My Team Be?

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

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



Exercises

1. Think of the last team you were in. Did the task you were asked to do affect the team? Why or why not?
2. Which of the 10 work roles do you normally take in a team? How difficult or easy do you think it would be for you to take on a different role?
3. Have you ever worked in a virtual team? If so, what were the challenges and advantages of working virtually?
4. How large do you think teams should be and why?

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9.2 Management of Teams



Learning Objectives

1. Create team norms, roles, and expectations.
2. Identify the keys to running effective team meetings.

Establishing Team Norms

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



Square Wheels Exercise and Group Discussion

Sometimes it can be challenging to start a conversation around team ground rules and performance. The following exercise can be used to get individuals talking about what works and what doesn't work in teams they've worked in and how your team can be designed most effectively.

What is happening in this picture represents how many organizations seem to operate. On a piece of paper, have everyone in your team write on this form and identify as many of the key issues and opportunities for improvement as you can. Following this, have a conversation around what this illustration might mean for your own team.



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Team Contracts

Scientific research, as well as experience working with thousands of teams, show that teams that are able to

articulate and agree on established ground rules, goals, and roles and develop a team contract around these standards are better equipped to face challenges that may arise within the team (Katzenback & Smith, 1993; Porter & Lilly, 1996). Having a team contract does not necessarily mean that the team will be successful, but it can serve as a road map when the team veers off course.

The following questions can help create a meaningful team contract:

- *Team Values and Goals*
 - What are our shared team values?
 - What is our team's goal?
- *Team Roles and Leadership*
 - Who does what within this team? (Who takes notes at the meeting? Who sets the agenda? Who assigns tasks? Who runs the meetings?)
 - Does the team have a formal leader?
 - If so, what are his or her roles?
- *Team Decision Making*
 - How are minor decisions made?
 - How are major decisions made?
- *Team Communication*
 - Who do you contact if you cannot make a meeting?
 - Who communicates with whom?
 - How often will the team meet?
- *Team Performance*
 - What constitutes good team performance?
 - What if a team member tries hard but does not seem to be producing quality work?
 - How will poor attendance/work quality be dealt with?

Team Meetings

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

Before the Meeting

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

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

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

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

During the Meeting

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

- *Start the meeting on time.* Waiting for members who are running late only punishes those who are on time and reinforces the idea that it's OK to be late. Starting the meeting promptly sends an important signal that you are respectful of everyone's time.
- *Follow the meeting agenda.* Veering off the agenda communicates to members that the agenda is not important. It also makes it difficult for others to keep track of where you are in the meeting.
- *Manage group dynamics for full participation.* As you've seen in this chapter, a number of group dynamics can limit a team's functioning. Be on the lookout for full participation and engagement from all team members, as well as any potential problems such as social loafing, group conflict, or groupthink.
- *Summarize the meeting with action items.* Be sure to clarify team member roles moving forward. If individuals' tasks are not clear, chances are that role confusion will arise later. There should be clear notes from the meeting regarding who is responsible for each action item and the time frames associated with next steps.
- *End the meeting on time.* This is vitally important, as it shows that you respect everyone's time and are organized. If another meeting is needed to follow up, schedule it later, but don't let the meeting run over.

After the Meeting

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



Exercises

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

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9.3 Barriers to Effective Teams



Learning Objectives

1. Recognize common barriers to effective teams.
2. Discuss some of the most common barriers and maintain group effectiveness.

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

Challenges of Knowing Where to Begin

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



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Dominating Team Members

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

Poor Performance of Team Members

Research shows that teams deal with poor performers in different ways, depending on members' perceptions of the reasons for poor performance (Jackson & LePine, 2003). In situations in which the poor performer is perceived as lacking in ability, teams are more likely to train the member. When members perceive the

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

Poorly Managed Team Conflict

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



Exercises

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

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9.4 The Role of Ethics and National Culture



Learning Objectives

1. Consider the role of ethics and teams.
2. Consider teams around the globe.

Ethics and Teams

The use of teams, especially self-managing teams, has been seen as a way to overcome the negatives of bureaucracy and hierarchical control. Giving teams the authority and responsibility to make their own decisions seems to empower individuals and the team alike by distributing power more equitably. Interestingly, research by James Barker shows that sometimes replacing a hierarchy with self-managing teams can actually increase control over individual workers and constrain members more powerfully than a hierarchical system (Barker, 1993). Studying a small manufacturing company that switched to self-managing teams, Barker interviewed team members and found an unexpected result: Team members felt more closely watched under self-managing teams than under the old system. Ronald, a technical worker, said, “I don’t have to sit there and look for the boss to be around; and if the boss is not around, I can sit there and talk to my neighbour or do what I want. Now the whole team is around me and the whole team is observing what I’m doing,” Ronald said that while his old supervisor might tolerate someone coming in a few minutes late, his team had adopted a “no tolerance” policy on tardiness, and members carefully monitored their own behaviours.

Team pressure can harm a company as well. Consider a sales team whose motto of “sales above all” hurts the ability of the company to gain loyal customers (DiModica, 2008). The sales team feels pressure to lie to customers to make sales. Their misrepresentations and unethical behaviour get them the quick sale, but curtail their ability to get future sales from repeat customers.

Teams Around the Globe

People from different cultures often have different beliefs, norms, and ways of viewing the world. These kinds of country-by-country differences have been studied by the GLOBE Project, in which 170 researchers collected and analyzed data on cultural values, practices, and leadership attributes from over 17,000 managers in 62 societal cultures (Javidan et al., 2006). GLOBE identified nine dimensions of culture. One of the identified dimensions is a measure called collectivism. Collectivism focuses on the degree to which the society reinforces collective over individual achievement. Collectivist societies value interpersonal relationships over individual achievement. Societies that rank high on collectivism show closer ties between individuals. The United States and Australia rank low on the collectivism dimension, whereas countries such as Mexico and Taiwan rank high

on that dimension. High collectivism manifests itself in close, long-term commitment to the member group. In a collectivist culture, loyalty is paramount and overrides most other societal rules and regulations. The society fosters strong relationships in which everyone takes responsibility for fellow members of their group.

Harrison, McKinnon, Wu, and Chow explored the cultural factors that may influence how well employees adapt to fluid work groups (Harrison et al., 2000). The researchers studied groups in Taiwan and Australia. Taiwan ranks high on collectivism, while Australia ranks low. The results: Australian managers reported that employees adapted more readily to working in different teams, working under different leaders, and taking on leadership of project teams than the middle managers in Taiwan reported. The two samples were matched in terms of the functional background of the managers, size and industries of the firms, and local firms. These additional controls provided greater confidence in attributing the observed differences to cultural values.

In other research, researchers analyzed the evaluation of team member behaviour by part-time MBA students in the United States and Mexico (Gomez, Kirkman, & Shapiro, 2000). The United States ranks low on collectivism, while Mexico ranks high. They found that collectivism (measured at the individual level) had a positive relationship to the evaluation of a teammate. Furthermore, the evaluation was higher for in-group members among the Mexican respondents than among the U.S. respondents.

Power Distance

Power distance is another cultural dimension. People in high power-distance countries expect unequal power distribution and greater stratification, whether that stratification is economic, social, or political. An individual in a position of authority in these countries expects (and receives) obedience. Decision-making is hierarchical, with limited participation and communication. Countries with a low power distance rating, such as Australia, value cooperative interaction across power levels. Individuals stress equality and opportunity for everyone.

Another study by researchers compared national differences in teamwork metaphors used by employees in six multinational corporations in four countries: the United States, France, Puerto Rico, and the Philippines (Gibson & Zellmer-Bruhn, 2001). They identified five metaphors: military, family, sports, associates, and community. Results showed national variation in the use of the five metaphors. Specifically, countries high in individualism (United States and France) tended to use the sports or associates metaphors, while countries high in power distance (Philippines and Puerto Rico) tended to use the military or family metaphors. Further, power distance and collectivistic values were negatively associated with the use of teamwork metaphors that emphasized clear roles and broad scope. These results suggest that the meaning of teamwork may differ across cultures and, in turn, imply potential differences in team norms and team-member behaviours.



Exercises

1. Have you ever felt pressure from team members to do something you didn't want to do? If so, how did you handle it?
2. In what ways do you think culture can affect a team?

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9.5 Chapter Summary

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

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



Ethical Dilemma

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

What Do You Think?

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



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CHAPTER 10: CONFLICT AND NEGOTIATIONS

Chapter Overview

- [10.0 Understanding Conflict](#)
- [10.1 Causes and Outcomes of Conflict](#)
- [10.2 Conflict Management](#)
- [10.3 Negotiations](#)
- [10.4 The Role of Ethics and Negotiations](#)
- [10.5 Chapter Summary](#)
- [10.6 Chapter References](#)



10.0 Understanding Conflict



Learning Objectives

1. Define conflict.
2. List the different types of conflict.
3. Explain whether conflict is always negative.

Let's take a closer look at these social issues, such as conflict, to understand how they can derail companies and individuals alike, and what to do to prevent such consequences from happening to you. In this chapter, you'll see that managing conflict and engaging in effective negotiation are both key for effective organizational behaviour within organizations as well as daily life. Conflicts range from minor annoyances to outright violence. One of the major ways to avoid conflicts escalating to high levels is through understanding the causes of conflict and developing methods for managing potential negative outcomes. Negotiation is one of the most effective ways to decrease conflict and will also be examined in depth in this chapter.

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

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

Intrapersonal Conflict

Intrapersonal conflict arises within a person. For example, when you're uncertain about what is expected or wanted, or you have a sense of being inadequate to perform a task, you are experiencing intrapersonal conflict. Intrapersonal conflict can arise because of differences in roles. A manager may want to oversee a subordinate's work, believing that such oversight is a necessary part of the job. The subordinate, on the other hand, may consider such extensive oversight to be micromanagement or evidence of a lack of trust. Role conflict, another type of intrapersonal conflict, includes having two different job descriptions that seem mutually exclusive. This type of conflict can arise if you're the head of one team but also a member of another team. A third type of intrapersonal conflict involves role ambiguity. Perhaps you've been given the task of finding a trainer for a company's business writing training program. You may feel unsure about what kind of person to hire—a well-

known but expensive trainer or a local, unknown but low-priced trainer. If you haven't been given guidelines about what's expected, you may be wrestling with several options.

Interpersonal Conflict

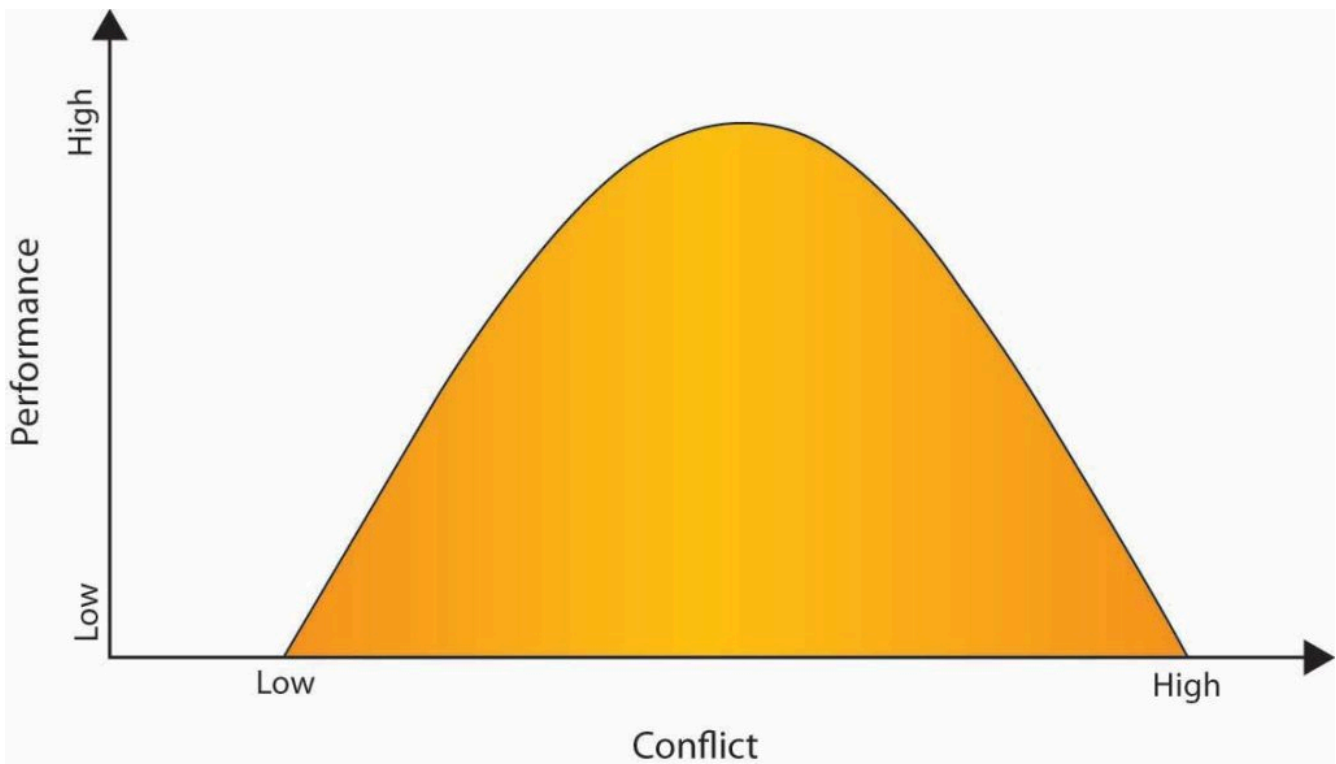
Interpersonal conflict is among individuals such as coworkers, a manager and an employee, or GMs/Owners and their staff. Interpersonal conflict often arises because of competition or because of personality or values differences. For example, one person's style may be to "go with the gut" on decisions, while another person wants to make decisions based on facts. Those differences will lead to conflict if the individuals reach different conclusions. Many golf clubs suffer because of interpersonal conflicts. Keeping conflicts centred around ideas rather than individual differences is important in avoiding conflict escalation.

Intergroup Conflict

Intergroup conflict is conflict that takes place among different groups. Types of groups may include different departments or divisions in a golf business (ie, Pro Shop, Food and Beverage, Turf), employees and management, or competing golf courses that supply the same customers. For example, Golf North Properties or Clublink. Departments may have conflicts over budget allocations; employees and management may disagree over work rules; suppliers may conflict with each other over the quality of products. Merging two groups together can lead to friction between the groups, especially if there are scarce resources to be divided among the groups.

Is Conflict Always Bad?

Most people are uncomfortable with conflict, but is conflict always bad? Conflict can be dysfunctional if it paralyzes an organization, leads to less than optimal performance, or, in the worst case, leads to workplace violence. Surprisingly, a moderate amount of conflict can actually be a healthy (and necessary) part of organizational life (Amason, 1996). To understand how to get to a positive level of conflict, we need to understand its root causes, consequences, and tools to help manage it. The impact of too much or too little conflict can disrupt performance. If conflict is too low, then performance is low. If conflict is too high, then performance also tends to be low. The goal is to hold conflict levels in the middle of this range. While it might seem strange to want a particular level of conflict, a medium level of task-related conflict is often viewed as optimal because it represents a situation in which a healthy debate of ideas takes place.



The Inverted U Relationship Between Performance and Conflict.

Task conflict can be good in certain circumstances, such as in the early stages of decision making, because it stimulates creativity. However, it can interfere with complex tasks in the long run (De Dreu & Weingart, 2003). Personal conflicts, such as personal attacks, are never healthy because they cause stress and distress, which undermines performance. The worst cases of personal conflicts can lead to workplace bullying. At some clubs, all new employees go through a training module to learn “constructive confrontation.” The content of the training program includes dealing with others in a positive manner, using facts rather than opinions to persuade others, and focusing on the problem at hand rather than the people involved. (Dahle, 2001). Research focusing on effective teams across time found that they were characterized by low but increasing levels of process conflict (how do we get things done?), low levels of relationship conflict with a rise toward the end of the project (personal disagreements among team members), and moderate levels of task conflict in the middle of the task timeline (Jehn & Mannix, 2001).



Exercises

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

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10.1 Causes and Outcomes of Conflict



Learning Objectives

1. Discuss the different causes of conflict.
2. Outline the jobs at risk for conflict.
3. Explain the outcomes of conflict.

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

Organizational Structure

Limited Resources

Task Interdependence

Incompatible Goals

Personality Differences

Communication Problems

Organizational Structure

Conflict tends to take different forms, depending upon the organizational structure (Jaffe, 2000). For example, if a company uses a matrix

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

Limited Resources

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

Task Interdependence

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

Incompatible Goals

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

Personality Differences

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

Communication Problems

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

In another example, the Hershey Company was engaged in talks behind closed doors with Cadbury Schweppes about a possible merger. No information about this deal was shared with Hershey's major stakeholder, the Hershey Trust. When Robert Vowler, CEO of the Hershey Trust, discovered that talks were underway without anyone consulting the Trust, tensions between the major stakeholders began to rise. As Hershey's continued to underperform, steps were taken in what is now called the "Sunday night massacre," in

which several board members were forced to resign and Richard Lenny, Hershey's then-current CEO, retired (Jargon, Karnitschnig, & Lublin, 2008). This example shows how a lack of communication can lead to an escalation of conflict. Time will tell what the lasting effects of this conflict will be, but in the short term, effective communication will be the key. Now, let's turn our attention to the outcomes of conflict.

Outcomes of Conflict

Conflict can have both positive and negative outcomes. On the positive side, conflict can result in greater creativity or better decisions. For example, as a result of a disagreement over a policy, a manager may learn from an employee that newer technologies help solve problems in an unanticipated new way.

Positive outcomes include the following:

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

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

Examples of negative outcomes include the following:

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



Is Your Job at Risk for Workplace Violence?

You may be at increased risk for workplace violence if your job involves the following:

- Dealing With People
 - *Caring for others, either emotionally or physically*, such as at a nursing home.
 - *Interacting with frustrated customers*, such as in retail sales.
 - *Supervising others*, such as being a manager.
 - *Denying requests others make of you*, such as in customer service.
- Being in High-Risk Situations
 - *Dealing with valuables or exchanging money*, such as in banking.
 - *Handling weapons*, such as in law enforcement.
 - *Working with drugs, alcohol, or those under the influence of them*, such as bartending.
 - *Working nights or weekends*, such as gas station attendants.

(LeBlanc & Kelloway, 2002; National Institute for Occupational Safety and Health, 2006).

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



Exercises

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

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10.2 Conflict Management



Learning Objectives

1. Discuss different ways to manage conflict.
2. Evaluate your own communication style.
3. Stimulate conflict if needed.

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

Change the Structure

When structure is a cause of dysfunctional conflict, structural change can be the solution to resolving the conflict.



Example

Consider this situation. Vanessa, the lead engineer in charge of new product development, has submitted her component list to Tom, the procurement officer, for purchasing. Tom, as usual, has rejected two of the key components, refusing the expenditure on the purchase. Vanessa is furious, saying, “Every time I give you a request to buy a new part, you fight me on it. Why can’t you ever trust my judgment and honour my request?”

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

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

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

Change the Composition of the Team

If the conflict is between team members, the easiest solution may be to change the composition of the team, separating the personalities that were at odds. In instances in which conflict is attributed to the widely different styles, values, and preferences of a small number of members, replacing some of these members may resolve the problem. If that's not possible because everyone's skills are needed on the team and substitutes aren't available, consider a physical layout solution. Research has shown that when known antagonists are seated directly across from each other, the amount of conflict increases. However, when they are seated side by side, the conflict tends to decrease (Gordon et al., 1990).

Create a Common Opposing Force

Group conflict within an organization can be mitigated by focusing attention on a common enemy, such as the competition. For example, two software groups may be vying against each other for marketing dollars, each wanting to maximize advertising money devoted to their product. But by focusing attention on a competitor company, the groups may decide to work together to enhance the marketing effectiveness for the company as a whole. The "enemy" need not be another company—it could be a concept, such as a recession, that unites previously warring departments to save jobs during a downturn.

Consider Majority Rule

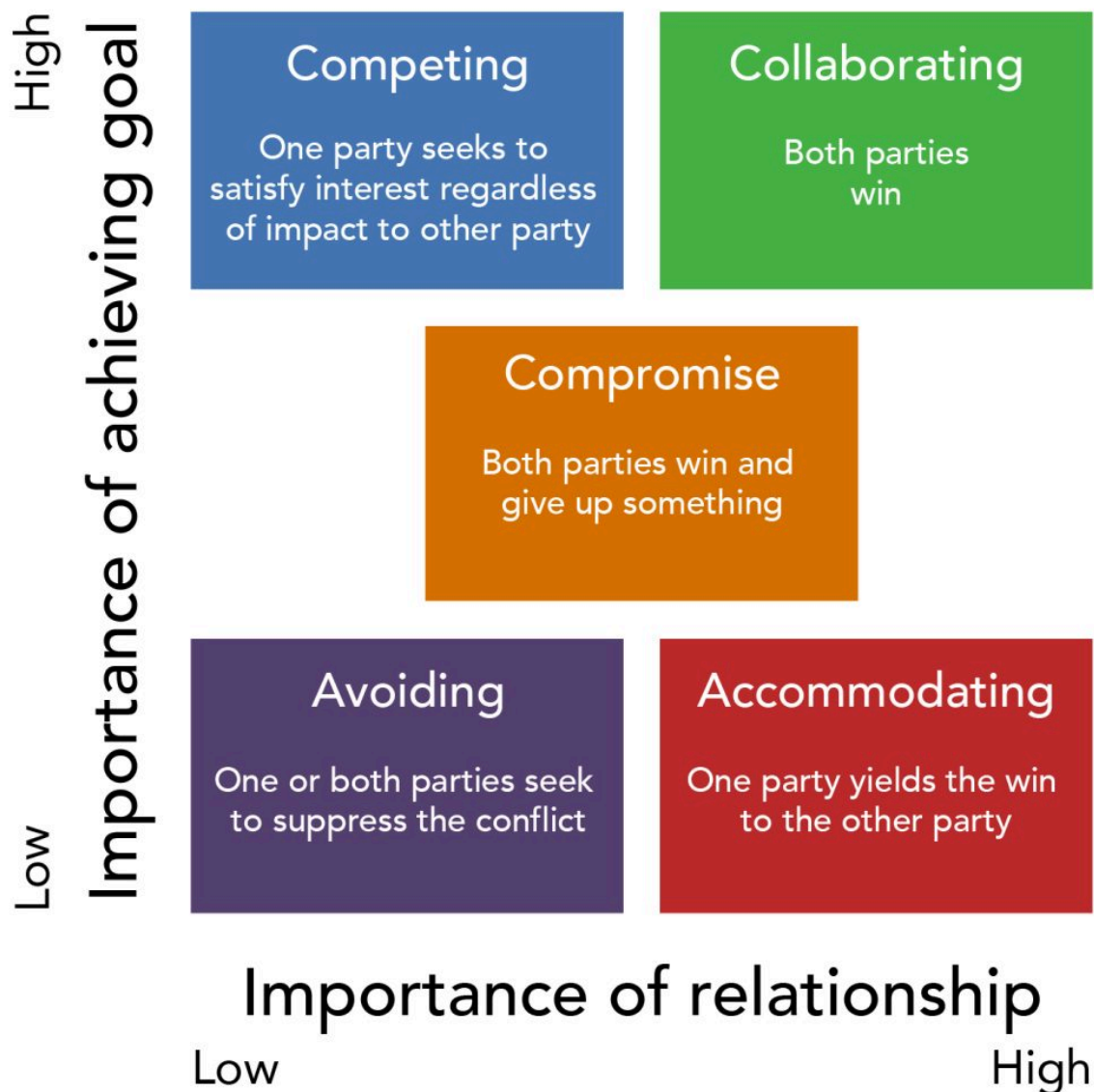
Sometimes, a group conflict can be resolved through majority rule. That is, group members take a vote, and the idea with the most votes is the one that gets implemented. The majority rule approach can work if the participants feel that the procedure is fair. It is important to keep in mind that this strategy will become ineffective if used repeatedly with the same members typically winning. Moreover, the approach should be used sparingly. It should follow a healthy discussion of the issues and points of contention, not be a substitute for that discussion.

Problem Solve

Problem-solving is a common approach to resolving conflict. In problem-solving mode, the individuals or groups in conflict are asked to focus on the problem, not on each other, and to uncover the root cause of the problem. This approach recognizes the rarity of one side being completely right and the other being completely wrong.

Conflict-Handling Styles

Individuals vary in the way that they handle conflicts. There are five common styles of handling conflicts. These styles can be mapped onto a grid that shows the varying degree of cooperation and assertiveness each style entails. Let us look at each in turn.



"Five primary styles of conflict management" by Lumen Learning, CC BY

Image Description

A 2D matrix diagram illustrating five conflict management styles based on two axes: "Importance of achieving goal" (vertical axis, ranging from Low to High) and "Importance of relationship" (horizontal axis, ranging from Low to High). Each style is represented by a colored box positioned according to these axes:

Competing: "One party seeks to satisfy interest regardless of impact to other party." High importance of goal, low importance of relationship.

Collaborating: "Both parties win." High importance of both goal and relationship.

Compromise: "Both parties win and give up something." Medium importance of both goal and relationship.

Avoiding: "One or both parties seek to suppress the conflict." Low importance of both goal and relationship.

Accommodating: "One party yields the win to the other party." Low importance of goal, high importance of relationship.

Avoidance

The avoiding style is uncooperative and unassertive. People exhibiting this style seek to avoid conflict altogether by denying that it is there. They are prone to postponing any decisions in which a conflict may arise. People using this style may say things such as, “I don’t really care if we work this out,” or “I don’t think there’s any problem. I feel fine about how things are.” Conflict avoidance may be habitual to some people because of personality traits such as the need for affiliation. While conflict avoidance may not be a significant problem if the issue at hand is trivial, it becomes a problem when individuals avoid confronting important issues because of a dislike for conflict or a perceived inability to handle the other party’s reactions.

Accommodation

The accommodating style is cooperative and unassertive. In this style, the person gives in to what the other side wants, even if it means giving up one’s personal goals. People who use this style may fear speaking up for themselves, or they may place a higher value on the relationship, believing that disagreeing with an idea might be hurtful to the other person. They will say things such as, “Let’s do it your way” or “If it’s important to you, I can go along with it.” Accommodation may be an effective strategy if the issue at hand is more important to others compared to oneself. However, if a person perpetually uses this style, that individual may start to see that personal interests and well-being are neglected.

Compromise

The compromising style is a middle-ground style, in which individuals have some desire to express their own concerns and get their way, but still respect the other person’s goals. The compromiser may say things such as, “Perhaps I ought to reconsider my initial position,” or “Maybe we can both agree to give in a little.” In a compromise, each person sacrifices something valuable to them. For example, in 2005, the luxurious Lanesborough Hotel in London advertised incorrect nightly rates for £35, as opposed to £350. When the hotel received a large number of online bookings at this rate, the initial reaction was to insist that customers cancel their reservations and book at the correct rate. The situation was about to lead to a public relations crisis. As a result, they agreed to book the rooms at the advertised price for a maximum of three nights, thereby limiting the damage to the hotel’s bottom line as well as its reputation (Horowitz et al., 2006).

Competition

People exhibiting a competing style want to reach their goal or get their solution adopted regardless of what others say or how they feel. They are more interested in getting the outcome they want as opposed to keeping the other party happy, and they push for the deal they are interested in making. Competition may lead to poor relationships with others if one is always seeking to maximize their own outcomes at the expense of others’ well-being. This approach may be effective if one has strong moral objections to the alternatives or if the alternatives one is opposing are unethical or harmful.

Collaboration

The collaborating style is high on both assertiveness and cooperation. This is a strategy to use for achieving the best outcome from conflict—both sides argue for their position, supporting it with facts and rationale while listening attentively to the other side. The objective is to find a win-win solution to the problem in which both

parties get what they want. They'll challenge points but not each other. They'll emphasize problem-solving and integration of each other's goals. For example, an employee who wants to complete an MBA program may have a conflict with management when he wants to reduce his work hours. Instead of taking opposing positions in which the employee defends his need to pursue his career goals while the manager emphasizes the company's need for the employee, both parties may review alternatives to find an integrative solution. In the end, the employee may decide to pursue the degree while taking online classes, and the company may realize that paying for the employee's tuition is a worthwhile investment. This may be a win-win solution to the problem in which no one gives up what is personally important, and every party gains something from the exchange.

Which Style Is Best?

Like much of organizational behaviour, there is no one "right way" to deal with conflict. Much of the time it will depend on the situation. However, the collaborative style has the potential to be highly effective in many different situations.

We do know that most individuals have a dominant style that they tend to use most frequently. Think of your friend who is always looking for a fight or your coworker who always backs down from a disagreement. Successful individuals are able to match their style to the situation. There are times when avoiding a conflict can be a great choice. For example, if a driver cuts you off in traffic, ignoring it and going on with your day is a good alternative to "road rage." However, if a colleague keeps claiming ownership of your ideas, it may be time for a confrontation. Allowing such intellectual plagiarism to continue could easily be more destructive to your career than confronting the individual. Research also shows that when it comes to dealing with conflict, managers prefer forcing, while their subordinates are more likely to engage in avoiding, accommodating, or compromising (Howat & London, 1980). It is also likely that individuals will respond similarly to the person engaging in conflict. For example, if one person is forcing, others are likely to respond with a forcing tactic as well.

What If You Don't Have Enough Conflict Over Ideas?

Part of effective conflict management is knowing when proper stimulation is necessary. Many people think that conflict is inherently bad—that it undermines goals or shows that a group or meeting is not running smoothly. In fact, if there is no conflict, it may mean that people are silencing themselves and withholding their opinions. The reality is that within meaningful group discussions, there are usually varying opinions about the best course of action. If people are suppressing their opinions, the final result may not be the best solution. During healthy debates, people point out difficulties or weaknesses in a proposed alternative and can work together to solve them. The key to keeping the disagreement healthy is to keep the discussion focused on the task, not the personalities. For example, a comment such as "Jack's ideas have never worked before. I doubt his current idea will be any better" is not constructive. Instead, a comment such as "This production step uses a degreaser that's considered a hazardous material. Can we think of an alternative degreaser that's nontoxic?" is more productive. It challenges the group to improve upon the existing idea.

Traditionally, Hewlett-Packard Development Company LP was known as a "nice" organization. Throughout its history, HP viewed itself as a scientific organization, and their culture valued teamwork and respect. But over time, HP learned that you can be "nice to death." In fact, in the 1990s, HP found it difficult to partner with other organizations because of their culture differences. During role plays created to help HP managers be more dynamic, the trainers had to modify several role plays because participants simply said, "That would never happen at HP," over the smallest conflict. All this probably played a role in the discomfort many felt with Carly Fiorina's style as CEO and the merger she orchestrated with Compaq Computer Corporation, which

ultimately caused the board of directors to fire Fiorina. On the other hand, no one is calling HP “too nice” anymore.



OB Toolbox: How Can You Stimulate Conflict?

- *Encourage people to raise issues and disagree with you or the status quo without fear of reprisal.* An issue festering beneath the surface, when brought out into the open, may turn out to be a minor issue that can be easily addressed and resolved.
- *Assign a devil's advocate to stimulate alternative viewpoints.* If a business unit is getting stagnant, bring in new people to “shake things up.”
- *Create a competition among teams, offering a bonus to the team that comes up with the best solution to a problem.* For example, have two product development teams compete on designing a new product. Or, reward the team that has the fewest customer complaints or achieves the highest customer satisfaction rating.
- *Build some ambiguity into the process.* When individuals are free to come up with their own ideas about how to complete a task, the outcome may be surprising, and it allows for healthier disagreements along the way



Exercises

1. List three ways to decrease a conflict situation. What are some pros and cons of each of these approaches?
2. Do you deal with conflict differently with friends and family than you do at work? If so, why do you think that is?
3. What is your usual conflict-handling style at work? Do you see it as effective or ineffective?
4. Describe a situation in which not having enough conflict can be a problem.

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10.3 Negotiations



Learning Objectives

1. Outline the five phases of negotiation.
2. Discuss negotiation strategies.
3. Describe common mistakes in negotiations.
4. Explain third-party negotiations.

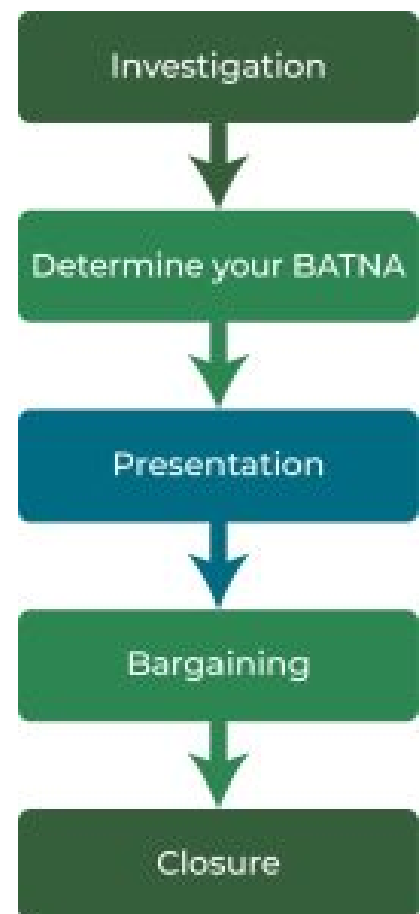
A common way that parties deal with conflict is via negotiation.

The Five Phases of Negotiation

Phase 1: Investigation

The first step in negotiation is the investigation, or information gathering stage. This is a key stage that is often ignored. Surprisingly, the first place to begin is with yourself: What are your goals for the negotiation? What do you want to achieve? What would you concede? What would you absolutely not concede? Leigh Steinberg, the most powerful agent in sports (he was the role model for Tom Cruise's character in *Jerry Maguire*), puts it this way: "You need the clearest possible view of your goals. And you need to be brutally honest with yourself about your priorities" (Webber, 1998).

During the negotiation, you'll inevitably be faced with making choices. It's best to know what you want, so that in the heat of the moment, you're able to make the best decision. For example, if you'll be negotiating for a new job, ask yourself, "What do I value most? Is it the salary level? Working with coworkers whom I like? Working at a prestigious company? Working in a certain geographic area? Do I want a company that will groom me for future positions, or do I want to change jobs often in pursuit of new challenges?"



Phase 2: Determine Your BATNA

*If you don't know where you're going, you will probably end up somewhere else. –
Lawrence J. Peter*

One important part of the investigation and planning phase is to determine your BATNA, which is an acronym that stands for the “best alternative to a negotiated agreement.” Roger Fisher and William Ury coined this phrase in their book *Getting to Yes: Negotiating without Giving In*.

Thinking through your BATNA is important to helping you decide whether to accept an offer you receive during the negotiation. You need to know what your alternatives are. If you have various alternatives, you can look at the proposed deal more critically. Could you get a better outcome than the proposed deal? Your BATNA will help you reject an unfavourable deal. On the other hand, if the deal is better than another outcome you could get (that is, better than your BATNA), then you should accept it.

Think about it in common-sense terms: When you know your opponent is desperate for a deal, you can demand much more. If it looks like they have a lot of other options outside the negotiation, you'll be more likely to make concessions.

As Fisher and Ury said, “The reason you negotiate is to produce something better than the results you can obtain without negotiating. What are those results? What is that alternative? What is your BATNA—your Best Alternative To a Negotiated Agreement? That is the standard against which any proposed agreement should be measured” (Fisher & Ury, 1981).

The party with the best BATNA has the best negotiating position, so try to improve your BATNA whenever possible by exploring possible alternatives (Pinkley, 1995).

Going back to the example of your new job negotiation, consider your options regarding the offer you receive. If your pay is lower than what you want, what alternatives do you have? A job with another company? Looking for another job? Going back to school? While you're thinking about your BATNA, take some time to think about the other party's BATNA. Do they have an employee who could readily replace you?

Once you've gotten a clear understanding of your own goals, investigate the person you'll be negotiating with. What does that person (or company) want? Put yourself in the other party's shoes. What alternatives could they have? For example, in the job negotiations, the other side wants a good employee at a fair price. That may lead you to do research on salary levels: What is the pay rate for the position you're seeking? What is the culture of the company?



OB Toolbox: BATNA Best Practices

1. Brainstorm a list of alternatives that you might conceivably take if the negotiation doesn't lead to a favourable outcome for you.
2. Improve on some of the more promising ideas and convert them into actionable alternatives.
3. Identify the most beneficial alternative to be kept in reserve as a fall-back during the negotiation.
4. Remember that your BATNA may evolve over time, so keep revising it to make sure it is still accurate.
5. Don't reveal your BATNA to the other party. If your BATNA turns out to be worse than what the other party expected, their offer may go down.

Phase 3: Presentation

The third phase of negotiation is presentation. In this phase, you assemble the information you've gathered in a way that supports your position. In a job hiring or salary negotiation situation, for instance, you can present facts that show what you've contributed to the organization in the past (or in a previous position), which in turn demonstrates your value. Perhaps you created a blog that brought attention to your company or got donations or funding for a charity. Perhaps you're a team player who brings out the best in a group.

Phase 4: Bargaining

During the bargaining phase, each party discusses their goals and seeks to reach an agreement. A natural part of this process is making concessions, namely, giving up one thing to get something else in return. Making a concession is not a sign of weakness—parties expect to give up some of their goals. Rather, concessions demonstrate cooperativeness and help move the negotiation toward its conclusion. Making concessions is particularly important in tense union-management disputes, which can get bogged down by old issues. Making a concession shows forward movement and process, and it allays concerns about rigidity or closed-mindedness. What would a typical concession be? Concessions are often in the areas of money, time, resources, responsibilities, or autonomy. When negotiating for the purchase of products, for example, you might agree to pay a higher price in exchange for getting the products sooner. Alternatively, you could ask to pay a lower price in exchange for giving the manufacturer more time or flexibility in when they deliver the product..

Phase 5: Closure

Closure is an important part of negotiations. At the close of a negotiation, you and the other party have either come to an agreement on the terms or one party has decided that the final offer is unacceptable and therefore must be walked away from. Most negotiators assume that if their best offer has been rejected, there's nothing left to do. You made your best offer, and that's the best you can do. The savviest of negotiators,

however, see the rejection as an opportunity to learn. “What would it have taken for us to reach an agreement?”

Sometimes, at the end of negotiations, it's clear why a deal was not reached. But if you're confused about why a deal did not happen, consider making a follow-up call. Even though you may not win the deal back in the end, you might learn something that's useful for future negotiations. What's more, the other party may be more willing to disclose the information if they don't think you're in a “selling” mode.



Should You Negotiate for a Higher Salary?

Yes! “Salary negotiation has become a growing opportunity in the job acquisition process,” says Bill Hawkins, president and CEO of The Hawkins Company, a full-service executive search firm with offices in Los Angeles and Atlanta. “Candidates who fail to make a counteroffer could forfeit significant income” (Reed-Woodard, 2007).

In the golf and club industry, it is imperative to review annual compensation reports that are published by the National Golf Course Owners Association (NGCOA) and the Club Managers Association of Canada (CMAC) to ensure you have an understanding of the pay range for various positions. This will help during compensation reviews.

Negotiation Strategies

Distributive Approach

The distributive view of negotiation is the traditional fixed-pie approach. That is, negotiators see the situation as a pie that they have to divide between them. Each tries to get more of the pie and “win.” For example, managers may compete over shares of a budget. If the turf department gets a 10% increase in its budget, another department such as Golf Services will need to decrease its budget by 10% to offset the turf increase. Focusing on a fixed pie is a common mistake in negotiation, because this view limits the creative solutions possible.

Integrative Approach

A newer, more creative approach to negotiation is called the integrative approach. In this approach, both parties look for ways to integrate their goals under a larger umbrella. That is, they look for ways to *expand* the pie so that each party gets more. This is also called a win-win approach. The first step of the integrative approach is to enter the negotiation from a cooperative rather than an adversarial stance. The second step is all about listening. Listening develops trust as each party learns what the other wants, and everyone involved arrives at a mutual understanding. Then, all parties can explore ways to achieve the individual goals. The general idea is, “If we put our heads together, we can find a solution that addresses everybody’s needs.” Unfortunately, integrative outcomes are not the norm. A summary of 32 experiments on negotiations found that although they could have resulted in integrated outcomes, only 20% did so (Thompson & Hrebec, 1996).

One key factor related to finding integrated solutions is the experience of the negotiators who were able to reach them (Thompson, 1990).



OB Toolbox: Seven Steps to Negotiating a Higher Salary

- Step 1: *Overcome your fear.*
 - The first step is to overcome your fears. Many people don't even begin a salary negotiation. We may be afraid of angering the boss or think that because we are doing a good job, we'll automatically be rewarded. But just because you're doing a good job doesn't mean you'll automatically get a raise. Why? If you don't ask for one, the boss may believe you're satisfied with what you're getting. So why should he pay you more? Imagine going into a car dealership and being absolutely delighted with a car choice. The sticker price is \$19,000. Would you pay the dealer \$23,000 just because you really like the car? Of course not. You probably wouldn't even offer \$19,000. If the car was up for auction, however, and another bidder offered \$20,000, you'd likely increase your offer, too.
 - That's what salary negotiation is like. Your boss may be thrilled with you, but at the same time, is running a business. There's no reason to pay an employee more if you seem satisfied with your current salary.
- Step 2: *Get the facts.*
 - Before you enter into the negotiation, do some background research. What are other golf courses paying people in your position? Check sites such as Indeed.ca, salary.com, and salaryexpert.com to get a feel for the market. Look at surveys conducted by your professional organization, such as NGCOA and CMAC
- Step 3: *Build your case.*
 - How important are you to the organization? How have you contributed? Perhaps you contributed by increasing sales, winning over angry customers, getting feuding team members to cooperate, and so on. Make a list of your contributions. Be sure to focus on the contributions that your boss values most. Is it getting recognition for the department? Easing workload? If another employer has shown interest in you, mention that as a fact. However, don't use this as a threat unless you're prepared to take the other offer. Mentioning interest from another employer gets the boss to think, "If I don't give this raise, I may lose the employee." (By the way, if you don't feel you have a strong case for your raise, perhaps this isn't the time to ask for one.)
- Step 4: *Know what you want.*
 - Set your target salary goal based on your research and the norms of what your organization will pay. Now ask yourself, if you don't get this figure, would you quit? If not, are there other alternatives besides a salary increase that you'd consider? For example, would you accept a higher title? More vacation time? Paid training to learn a new skill? Flexible hours?

- Step 5: *Begin assertively.*
 - Start the discussion on a strong but friendly tone. “I think I’m worth more than I’m being paid.” List the ways you’ve contributed to the company.
- Step 6: *Don’t make the first offer.*
 - Let your boss name the figure. You can do this by asking, “How much of a raise could you approve?” However, if the boss insists that you name a figure, ask for the most that you can reasonably expect to get. You want to be reasonable, but you need to allow room to make a concession. Your boss will assume your opening number was high and will offer you less, so asking for the actual figure you want may leave you feeling disappointed.
 - If the boss opens with, “The salary range for this position is \$66,000 to 78,000,” ask for the high end. If your goal was higher than that range, challenge the range by explaining how you are an exception and why you deserve more.
- Step 7: *Listen more than talk.*
 - You’ll learn more by listening rather than talking. The more you listen, the better the boss will feel about you—people tend to like and trust people who listen to them.
 - If you can’t get a raise now, get your boss to agree to one in a few months if you meet agreed-upon objectives.

(Brodow, 2006; Nemko, 2007).

Avoiding Common Mistakes in Negotiations

Failing to Negotiate/Accepting the First Offer

Some people are taught to feel that negotiation is a conflict situation, and these individuals may tend to avoid negotiations to avoid conflict. Research shows that this negotiation avoidance is especially prevalent among women. For example, one study looked at students from Carnegie-Mellon who were getting their first job after earning a master’s degree. The study found that only 7% of the women negotiated their offer, while men negotiated 57% of the time (CNN, 2003). The result had profound consequences. Researchers calculate that people who routinely negotiate salary increases will earn over \$1 million more by retirement than people who accept an initial offer every time without asking for more (Babcock & Lascheve, 2003). The good news is that it appears that it is possible to increase negotiation efforts and confidence by training people to use effective negotiation skills (Stevens, Bavetta, & Gist, 1993).

Letting Your Ego Get in the Way

Thinking only about yourself is a common mistake. Instead, think about why the other person would want to accept the deal. People aren’t likely to accept a deal that doesn’t offer any benefit to them. Help them meet their own goals while you achieve yours. Integrative outcomes depend on having good listening skills, and if you are thinking only about your own needs, you may miss out on important opportunities. Remember that a good business relationship can only be created and maintained if both parties get a fair deal.

Having Unrealistic Expectations

Susan Podziba, a professor of mediation at Harvard and MIT, plays broker for some of the toughest negotiations around, from public policy to marital disputes. She takes an integrative approach in the negotiations, identifying goals that are large enough to encompass both sides. As she puts it, “We are never going to be able to sit at a table with the goal of creating peace and harmony between fishermen and conservationists. But we can establish goals big enough to include the key interests of each party and resolve the specific impasse we are currently facing. Setting reasonable goals at the outset that address each party’s concerns will decrease the tension in the room, and will improve the chances of reaching an agreement” (Rothenberger, 2000). Those who set unreasonable expectations are more likely to fail.

Getting Overly Emotional

Negotiations, by their very nature, are emotional. The findings regarding the outcomes of expressing anger during negotiations are mixed. Some researchers have found that those who express anger negotiate worse deals than those who do not (Kopelman, Rosette, & Thompson, 2006) and that during online negotiations, those parties who encountered anger were more likely to compete than those who did not (Friedman et al., 2004). In a study of online negotiations, words such as *despise*, *disgusted*, *furiously*, and *hate* were related to a reduced chance of reaching an agreement (Brett et al., 2007). However, this finding may depend on individual personalities. Research has also shown that those with more power may be more effective when displaying anger. The weaker party may perceive the anger as potentially signalling that the deal is falling apart and may concede items to help move things along (Van Kleef & Cote, 2007). This holds for online negotiations as well. In a study of 355 eBay disputes in which mediation was requested by one or both of the parties, similar results were found. Overall, anger hurts the mediation process unless one of the parties is perceived as much more powerful than the other party, in which case anger hastens a deal (Friedman et al., 2004). Another aspect of getting overly emotional is forgetting that facial expressions are universal across cultures, and when your words and facial expressions don’t match, you are less likely to be trusted (Hill, 2007; Holloway, 2007).

Letting Past Negative Outcomes Affect the Present Ones

Research shows that negotiators who had previously experienced ineffective negotiations were more likely to have failed negotiations in the future. Those who were unable to negotiate some type of deal in previous negotiation situations tended to have lower outcomes than those who had successfully negotiated deals in the past (O’Connor, Arnold, & Burris, 2005). The key to remember is that there is a tendency to let the past repeat itself. Being aware of this tendency allows you to overcome it. Be vigilant to examine the issues at hand and not to be overly swayed by past experiences, especially while you are starting out as a negotiator and have limited experience.



Tips for Negotiation Success

- *Focus on agreement first.* If you reach an impasse during negotiations, sometimes the best recourse is to agree that you disagree on those topics and then focus only on the ones on which you can reach an agreement. Summarize what you've agreed on, so that everyone feels like they're agreeing, and leave out the points you don't agree on. Then take up those issues again in a different context, such as over dinner or coffee. Dealing with those issues separately may help the negotiation process.
- *Be patient.* If you don't have a deadline by which an agreement needs to be reached, use that flexibility to your advantage. The other party may be forced by circumstances to agree to your terms, so if you can be patient, you may be able to get the best deal.
- *Whose reality?* During negotiations, each side is presenting their case—their version of reality. Whose version of reality will prevail?
- *Deadlines.* Research shows that negotiators are more likely to strike a deal by making more concessions and thinking more creatively as deadlines loom than at any other time in the negotiation process.
- *Be comfortable with silence.* After you have made an offer, allow the other party to respond. Many people become uncomfortable with silence and feel they need to say something. Wait and listen instead.

(Stuhlmacher, Gillespie & Champagne, 1998; Webber, 1998).

When All Else Fails: Third-Party Negotiations

Alternative Dispute Resolution

Alternative Dispute Resolution (ADR) includes mediation, arbitration, and other ways of resolving conflicts with the help of a specially trained, neutral third party without the need for a formal trial or hearing (New York State Unified Court System, 2008). Many companies find this effective in dealing with challenging problems.

Mediation

In mediation, an outside third party (the mediator) enters the situation with the goal of assisting the parties in reaching an agreement. The mediator can facilitate, suggest, and recommend. The mediator works with both parties to reach a solution but does not represent either side. Rather, the mediator's role is to help the parties share feelings, air and verify facts, exchange perceptions, and work toward agreements. One of the advantages of mediation is that the mediator helps the parties design their own solutions, including resolving issues that are important to both parties, not just the ones under specific dispute.



You Know It's Time for a Mediator When...

- *The parties are unable to find a solution themselves.*
- *Personal differences are standing in the way of a successful solution.*
- *The parties have stopped talking with one another.*
- *Obtaining a quick resolution is important.*

Arbitration

In contrast to mediation, in which parties work with the mediator to arrive at a solution, in arbitration, the parties submit the dispute to a third-party arbitrator. It is the arbitrator who makes the final decision. The arbitrator is a neutral third party, but the decision made by the arbitrator is final (the decision is called the “award”). Arbitration is often used in union-management grievance conflicts.

Arbitration-Mediation

It is common to see mediation followed by arbitration. An alternative technique is to follow the arbitration with mediation. The format of this conflict resolution approach is to have both sides formally make their cases before an arbitrator. The arbitrator then makes a decision and places it in a sealed envelope. Following this, the two parties work through mediation. If they are unable to reach an agreement on their own, the arbitration decisions become binding. Researchers using this technique found that it led to voluntary agreements between the two parties 71% of the time versus 50% for mediation followed by arbitration (Conlon, Moon, & Ng, 2002).



Exercises

1. What are the negotiation phases, and what goes on during each of them?
2. When negotiating, is establishing a BATNA important? Why or why not?
3. What are the third-party conflict resolution options available?

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10.4 The Role of Ethics and Negotiations



Learning Objectives

1. Consider the role of ethics in negotiation.
2. Consider the role of national culture in negotiation.

Ethics and Negotiations

Are hardball tactics OK to use? Sometimes a course of action is legal but questionable in terms of ethics. A good rule of thumb is that hardball tactics should not be used because the negotiation is likely not to be the last time you will interact with the other party. Therefore, finding a way to make a deal that works for both sides is preferable. Otherwise, if you have the complete upper hand and use it to “destroy” the other party, it’s likely that at a future date, the other party will have the upper hand and will use it to retaliate mercilessly against you. What’s more, your reputation as a negotiator will suffer. Ethics establishes a way of doing what is right, fair, and honest. If your counterpart feels you are being unfair or dishonest, he or she is less likely to make any concessions—or even to negotiate with you in the first place.

Here are some tips for ethical negotiations:

- Be honest.
- Keep your promises.
- Follow the Platinum Rule. The Golden Rule tells us to treat others the way we want to be treated. Author Tony Alessandra (1996) goes a step further with the Platinum Rule: “*Treat people the way they want to be treated.*” Caring about others enough to treat them the way they want to be treated helps build long-term relationships based on ethics and trust.

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10.5 Chapter Summary

Conflict can run the gamut from minor annoyances to physically violent situations. At the same time, conflict can increase creativity and innovation, or it can bring organizations to a grinding halt. There are many different types of conflict, including interpersonal, intrapersonal, and intergroup. Within organizations, there are many common situations that can spur conflict. Certain organizational structures, such as a matrix structure, can cause any given employee to have multiple bosses and conflicting or overwhelming demands. A scarcity of resources for employees to complete tasks is another common cause of organizational conflict, particularly if groups within the organization compete over those resources. Of course, simple personality clashes can create intrapersonal conflict in any situation. Communication problems are also a very common source of conflict, even when no actual problem would exist otherwise. When conflict arises, it can be handled by any number of methods, each with varying degrees of cooperation and competitiveness. Different situations require different conflict handling methods, and no one method is best.

Negotiations occur during many important processes, and possessing astute negotiation skills can be an incredible tool. A key component of negotiations involves having a BATNA, or “best alternative to a negotiated agreement.” Negotiations typically move through five phases, including investigation, determining your BATNA, presentation, bargaining, and closure. During a negotiation, it is important not to make any common mistakes. These mistakes can include accepting the first offer, letting ego get in the way, having unrealistic expectations of the outcome of the negotiation, becoming too emotional during the process, or being weighed down by previous failures and letting the past repeat itself. It is important to keep in mind that many cultures have preferential methods for handling conflict and negotiation. Individuals should understand the cultural background of others to better navigate what could otherwise become a messy situation.



Ethical Dilemma

Imagine that you are part of a bargaining team that has been engaged in negotiations for 6 long months. One night, as you are getting ready to leave and are gathering your things, you notice a piece of green paper on the ground near where Devin, a member of the opposite negotiation team, was sitting just a few minutes earlier. When you pick it up, you realize that it is a list of the ideal outcome for the other team.

At first, you are ecstatic—this is the information you need to end these negotiations! Then you begin to recall your organizational behaviour course and all those ethical dilemmas that seemed so easy back then. What should you do? Should you use the information for your team? I mean, why not? They were careless enough to leave it behind. On the other hand, would that be ethical?

Thinking back to that OB course, you recall some key questions you should ask yourself during negotiations:

- Would this be honest?
- Would this involve keeping my promises?
- Would I be following the Platinum Rule and be “treating people the way they want to be treated?”

As you are pondering these questions, you also realize that this is a key decision. There are some additional questions you should ask yourself about making ethical decisions if you plan on using this information to help your team:

- Is this decision fair?
- Will I feel better or worse about myself after I make this decision?
- Does this decision break any organizational rules?
- Does this decision break any laws?
- How would I feel if this decision were broadcast on the news?

Just as you think you’ve made your decision, Devin from the opposing team walks back in and asks you if you’ve seen a green piece of paper.

- What would you do?
- What are the ethical dilemmas involved?
- How would you justify your choice?
- What would be the consequences of your choice?



Group Exercise

Salary Negotiations

Thinking about negotiations is a lot easier than actually engaging in them. In order to give you some practice with the information in this chapter, you will engage in a salary negotiation.

1. To make this more meaningful, the exercise will be based on a job that you are actually interested in. Think of a job you would like to have (either now or in the future). Imagine you have been offered this job. The salary is OK. It is about 15% below the market rate for this type of job, but you really want the job.
2. What will you do?
 - Will you negotiate for a higher salary?
 - What are the pros and cons of this choice?
3. If you've decided to negotiate (and we strongly suggest you do), work through the next six steps in the OB Toolbox "Seven Steps to Negotiating a Higher Salary." Once you are up to step 5, let your instructor know you are ready to begin the negotiation process.

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CHAPTER 11: MAKING DECISIONS

Chapter Overview

- [11.0 Decision Making](#)
- [11.1 Faulty Decision Making](#)
- [11.2 Decision Making in Groups](#)
- [11.3 The Role of Ethics in Decision Making](#)
- [11.4 Chapter Summary](#)
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11.0 Decision Making



Learning Objectives

1. Define decision making.
2. Describe the different types of decisions.

Decision making refers to making choices among alternative courses of action, which may also include inaction. While it can be argued that management is decision making, half of the decisions made by managers within organizations ultimately fail (Ireland & Miller, 2004; Nutt, 1999; Nutt, 2002). Therefore, increasing effectiveness in decision making is an important part of maximizing your effectiveness at work. This chapter will help you understand how to make decisions alone or in a group while avoiding common decision making pitfalls.

Individuals throughout organizations use the information they gather to make a wide range of decisions. These decisions may affect the lives of others and change the course of an organization.

Types of Decisions

Most discussions of decision making assume that only senior executives make decisions or that only senior executives' decisions matter. This is a dangerous mistake. – Peter Drucker

Despite the far-reaching nature of the decisions in the previous example, not all decisions have major consequences or even require a lot of thought. For example, before you come to class, you make simple and habitual decisions such as what to wear, what to eat, and which route to take as you go to and from home and school. You probably do not spend much time on these mundane decisions. These types of straightforward decisions are termed programmed decisions, or decisions that occur frequently enough that we develop an automated response to them. The automated response we use to make these decisions is called the decision rule. For example, many restaurants face customer complaints as a routine part of doing business. Because complaints are a recurring problem, responding to them may become a programmed decision. The restaurant might enact a policy stating that every time they receive a valid customer complaint, the customer should receive a free dessert, which represents a decision rule.

On the other hand, unique and important decisions require conscious thinking, information gathering, and careful consideration of alternatives. These are called nonprogrammed decisions.

Decisions can be classified into three categories based on the level at which they occur. Strategic decisions

set the course of an organization. Tactical decisions are decisions about how things will get done. Finally, operational decisions refer to decisions that employees make each day to make the organization run. For example, think about the restaurant that routinely offers a free dessert when a customer complaint is received. The owner of the restaurant made a strategic decision to have great customer service. The manager of the restaurant implemented the free dessert policy as a way to handle customer complaints, which is a tactical decision. Finally, the servers at the restaurant are making individual decisions each day by evaluating whether each customer complaint received is legitimate and warrants a free dessert.

Table: Examples of Decisions Commonly Made Within Organizations

Level of Decision	Examples of Decision	Who Typically Makes Decisions
Strategic Decisions	Should we merge with another golf course? Should we pursue or acquire more land for future development? Should we downsize our organization?	Top Management Teams, CEOs, and Boards of Directors
Tactical Decisions	What should we do to help facilitate employees from the two departments working together? ie. Turf and Golf Services How should we market the new membership categories? Who should be let go when we downsize?	Managers
Operational Decisions	How often should I communicate with my new coworkers? What should I say to customers about our new membership categories? How will I balance my new work demands?	Employees throughout the organization

In this chapter, we are going to discuss different decision making models designed to understand and evaluate the effectiveness of nonprogrammed decisions. We will cover four decision making approaches, starting with the rational decision making model, moving to the bounded rationality decision making model, the intuitive decision making model, and ending with the creative decision making model.

Making Rational Decisions

The rational decision making model describes a series of steps that decision makers should consider if their goal is to maximize the quality of their outcomes. In other words, if you want to make sure that you make the best choice, going through the formal steps of the rational decision making model may make sense.

Let's imagine that your old, clunky car has broken down, and you have enough money saved for a substantial down payment on a new car. It will be the first major purchase of your life, and you want to make the right choice. The first step, therefore, has already been completed—we know that you want to buy a new car. Next, in step 2, you'll need to decide which factors are important to you. How many passengers do you want to accommodate? How important is fuel economy to you? Is safety a major concern? You only have a certain amount of money saved, and you don't want to take on too much debt, so the price range is an important factor as well. If you know you want to have room for at least five adults, get at least 20 miles per gallon, drive a car with a strong safety rating, not spend more than \$22,000 on the purchase, and like how it looks, you have identified the decision criteria. All the potential options for purchasing your car will be evaluated against these criteria. Before we can move too much further, you need to decide how important each factor is to your decision in step 3. If each is equally important, then there is no need to weigh them, but if you know that price and mpg are key factors, you might weigh them heavily and keep the other criteria with medium importance. Step 4 requires you to generate all alternatives for your options. Then, in step 5, you need to use this information to evaluate each alternative against the criteria you have established. You choose the best alternative (step 6), and then you would go out and buy your new car (step 7).

Of course, the outcome of this decision will influence the next decision made. That is where step 8 comes in.

For example, if you purchase a car and have nothing but problems with it, you will be less likely to consider the same make and model when purchasing a car the next time.

1

Identify the problem

2

Establish decision criteria

3

Weigh decision criteria

4

Generate alternatives

5

Evaluate alternatives

6

Choose the best alternative

7

Implement the decision

8

Evaluate the decision

While decision makers can get off track during any of these steps, research shows that searching for alternatives in the fourth step can be the most challenging and often leads to failure. In fact, one researcher found that no alternative generation occurred in 85% of the decisions he studied (Nutt, 1994). Conversely, successful managers know what they want at the outset of the decision making process, set objectives for others to respond to, carry out an unrestricted search for solutions, get key people to participate, and avoid using their power to push their perspective (Nutt, 1999).

The rational decision making model has important lessons for decision makers. First, when making a decision, you may want to make sure that you establish your decision criteria before you search for alternatives. This would prevent you from liking one option too much and setting your criteria accordingly. For example, let's say you started browsing cars online before you generated your decision criteria. You may come across a car that you feel reflects your sense of style, and you develop an emotional bond with the car. Then, because of your love for the particular car, you may say to yourself that the fuel economy of the car and the innovative braking system are the most important criteria. After purchasing it, you may realize that the car is too small for your friends to ride in the back seat, which was something you should have thought about. Setting criteria before you search for alternatives may prevent you from making such mistakes. Another advantage of the rational model is that it urges decision makers to generate all alternatives instead of only a few. By generating a large number of alternatives that cover a wide range of possibilities, you are unlikely to make a more effective decision that does not require sacrificing one criterion for the sake of another.

Despite all its benefits, you may have noticed that this decision making model involves a number of unrealistic assumptions as well. It assumes that people completely understand the decision to be made, that

they know all their available choices, that they have no perceptual biases, and that they want to make optimal decisions. Nobel Prize-winning economist Herbert Simon observed that while the rational decision making model may be a helpful device in aiding decision makers when working through problems, it doesn't represent how decisions are frequently made within organizations. In fact, Simon argued that it didn't even come close.

Think about how you make important decisions in your life. It is likely that you rarely sit down and complete all 8 of the steps in the rational decision making model. For example, this model proposed that we should search for all possible alternatives before making a decision, but that process is time-consuming, and individuals are often under time pressure to make decisions. Moreover, even if we had access to all the information that was available, it could be challenging to compare the pros and cons of each alternative and rank them according to our preferences. Anyone who has recently purchased a new laptop computer or cell phone can attest to the challenge of sorting through the different strengths and limitations of each brand and model and arriving at the solution that best meets particular needs. In fact, the availability of too much information can lead to analysis paralysis, in which more and more time is spent on gathering information and thinking about it, but no decisions actually get made. A senior executive at Hewlett-Packard Development Company LP admits that his company suffered from this spiral of analyzing things for too long to the point where data gathering led to "not making decisions, instead of us making decisions" (Zell, Glassman, & Duron, 2007). Moreover, you may not always be interested in reaching an optimal decision. For example, if you are looking to purchase a house, you may be willing and able to invest a great deal of time and energy to find your dream house, but if you are only looking for an apartment to rent for the academic year, you may be willing to take the first one that meets your criteria of being clean, close to campus, and within your price range.

Making "Good Enough" Decisions

The bounded rationality model of decision making recognizes the limitations of our decision making processes. According to this model, individuals knowingly limit their options to a manageable set and choose the first acceptable alternative without conducting an exhaustive search for alternatives. An important part of the bounded rationality approach is the tendency to satisfice (a term coined by Herbert Simon from *satisfy* and *suffice*), which refers to accepting the first alternative that meets your minimum criteria. For example, many college graduates do not conduct a national or international search for potential job openings. Instead, they focus their search on a limited geographic area, and they tend to accept the first offer in their chosen area, even if it may not be the ideal job situation. Satisficing is similar to rational decision making. The main difference is that rather than choosing the best option and maximizing the potential outcome, the decision maker saves cognitive time and effort by accepting the first alternative that meets the minimum threshold.

Making Intuitive Decisions

The intuitive decision making model has emerged as an alternative to other decision making processes. This model refers to arriving at decisions without conscious reasoning. A total of 89% of managers surveyed admitted to using intuition to make decisions at least sometimes, and 59% said they used intuition often (Burke & Miller, 1999). Managers make decisions under challenging circumstances, including time pressures, constraints, a great deal of uncertainty, changing conditions, and highly

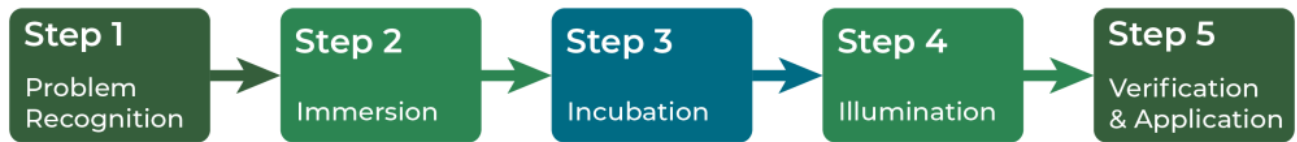
visible and high-stakes outcomes. Thus, it makes sense that they would not have the time to use the rational decision making model. Yet when GM/CEOs are asked about the critical decisions they make, seldom do they attribute success to luck. To an outside observer, it may seem like they are making guesses as to the course of action to take, but it turns out that experts systematically make decisions using a different model than was earlier suspected. Research on life-or-death decisions made by fire chiefs, pilots, and nurses finds that experts do not choose among a list of well-thought-out alternatives. They don't decide between two or three options and choose the best one. Instead, they consider only one option at a time. The intuitive decision making model argues that in a given situation, experts making decisions scan the environment for cues to recognize patterns (Breen, 2000; Klein, 2003; Salas & Klein, 2001). Once a pattern is recognized, they can play out a potential course of action through to its outcome based on their prior experience. Thanks to training, experience, and knowledge, these decision makers have an idea of how well a given solution may work. If they run through the mental model and find that the solution will not work, they alter the solution before putting it into action. If it still is not deemed a workable solution, it is discarded as an option, and a new idea is tested until a workable solution is found. Once a viable course of action is identified, the decision maker puts the solution into motion. The key point is that only one choice is considered at a time. Novices are not able to make effective decisions this way because they do not have enough prior experience to draw upon.

Making Creative Decisions

In addition to the rational decision making, bounded rationality, and intuitive decision making models, creative decision making is a vital part of being an effective decision maker. Creativity is the generation of new, imaginative ideas. With the flattening of organizations and intense competition among companies, individuals and organizations are driven to be creative in decisions ranging from cutting costs to generating new ways of doing business. Please note that while creativity is the first step in the innovation process, creativity and innovation are not the same thing. Innovation begins with creative ideas, but it also involves realistic planning and follow-through.

The Creative Decision-Making Process

The five steps to creative decision making are similar to the previous decision making models in some key ways. All the models include problem identification, which is the step in which the need for problem-solving becomes apparent. If you do not recognize that you have a problem, it is impossible to solve it. Immersion is the step in which the decision maker consciously thinks about the problem and gathers information. A key to success in creative decision making is having or acquiring expertise in the area being studied. Then, incubation occurs. During incubation, the individual sets the problem aside and does not think about it for a while. At this time, the brain is actually working on the problem unconsciously. Then comes illumination, or the insight moment when the solution to the problem becomes apparent to the person, sometimes when it is least expected. Finally, the verification and application stage happens when the decision maker consciously verifies the feasibility of the solution and implements the decision.

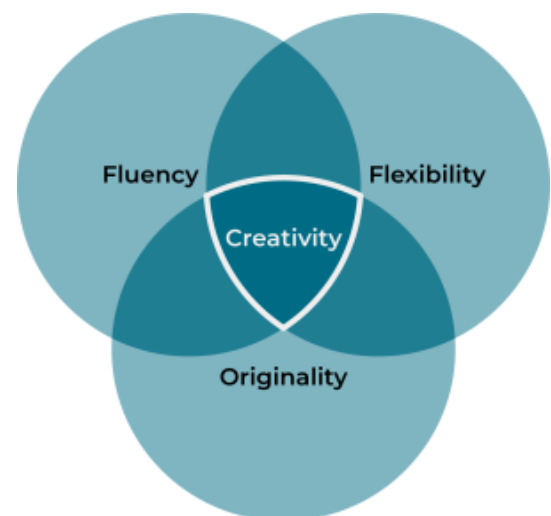


A NASA scientist describes his decision making process leading to a creative outcome as follows: He had been trying to figure out a better way to de-ice planes to make the process faster and safer. After recognizing the problem, he immersed himself in the literature to understand all the options, and he worked on the problem for months, trying to figure out a solution. It was not until he was sitting outside a McDonald's restaurant with his grandchildren that it dawned on him. The golden arches of the M of the McDonald's logo inspired his solution—he would design the de-icer as a series of Ms.¹ This represented the illumination stage. After he tested and verified his creative solution, he was done with that problem, except to reflect on the outcome and process.

How Do You Know If Your Decision-Making Process Is Creative?

Researchers focus on three factors to evaluate the level of creativity in the decision making process. **Fluency** refers to the number of ideas a person is able to generate. **Flexibility** refers to how different the ideas are from one another. If you are able to generate several distinct solutions to a problem, your decision making process is high on flexibility. **Originality** refers to how unique a person's ideas are.

Some experts have proposed that creativity occurs as an interaction among three factors: people's personality traits (openness to experience, risk taking), their attributes (expertise, imagination, motivation), and the situational context (encouragement from others, time pressure, physical structures) (Amabile, 1988; Amabile et al., 1996; Ford & Gioia, 2000; Tierney, Farmer, & Graen, 1999; Woodman, Sawyer, & Griffin, 1993). For example, research shows that individuals who are open to experience, less conscientious, more self-accepting, and more impulsive tend to be more creative (Feist, 1998).



"Dimensions of Creativity" by Koen Liddiard [CC BY NC-SA](#)

1. In-person interview conducted by author at Ames Research Center, Mountain View, CA, 1990.



OB Toolbox: Ideas for Enhancing Organizational Creativity

- Team Composition
 - *Diversify your team* to give them more inputs to build on and more opportunities to create functional conflict while avoiding personal conflict.
 - *Change group membership* to stimulate new ideas and new interaction patterns.
 - *Leaderless teams* can allow teams freedom to create without trying to please anyone up front.
- Team Process
 - *Engage in brainstorming* to generate ideas. Remember to set a high goal for the number of ideas the group should come up with, encourage wild ideas, and take brainwriting breaks.
 - *Use the nominal group technique* (see Tools and Techniques for Making Better Decisions below) *in person or electronically* to avoid some common group process pitfalls. Consider anonymous feedback as well.
 - *Use analogies* to envision problems and solutions.
- Leadership
 - *Challenge teams* so that they are engaged but not overwhelmed.
 - *Let people decide how to achieve goals*, rather than telling them what goals to achieve.
 - *Support and celebrate creativity* even when it leads to a mistake. Be sure to set up processes to learn from mistakes as well.
 - *Role model* creative behaviour.
- Culture
 - *Institute organizational memory* so that individuals do not spend time on routine tasks.
 - *Build a physical space conducive to creativity* that is playful and humorous—this is a place where ideas can thrive.
 - *Incorporate creative behaviour* into the performance appraisal process.

(Amabile, 1998; Gundry, Kickul, & Prather, 1994; Keith & Frese, 2008; Pearsall, Ellis, & Evans, 2008; Thompson, 2003).

There are many techniques available that enhance and improve creativity. One popular method of generating ideas is to use brainstorming. Brainstorming is a group process of generating ideas that follow a set of guidelines, including no criticism of ideas during the brainstorming process, the idea that no suggestion is too crazy, and building on other ideas (piggybacking). Research shows that the quantity of ideas actually leads to better idea quality in the end, so setting high idea quotas, in which the group must reach a set number of ideas before they are done, is recommended to avoid process loss and maximize the effectiveness of brainstorming. Another unique aspect of brainstorming is that since the variety of backgrounds and approaches gives the group more to draw upon, the more people are included in the process, the better the

decision outcome will be. A variation of brainstorming is wildstorming, in which the group focuses on ideas that are impossible and then imagines what would need to happen to make them possible (Scott, Leritz, & Mumford, 2004).

Decision-Making Model Use This Model When:

Rational	• Information on alternatives can be gathered and quantified. • The decision is important. • You are trying to maximize your outcome.
Bounded Rationality	• The minimum criteria are clear. • You do not have or you are not willing to invest much time in making the decision. • You are not trying to maximize your outcome.
Intuitive	• Goals are unclear. • There is time pressure and analysis paralysis would be costly. • You have experience with the problem.
Creative	• Solutions to the problem are not clear. • New solutions need to be generated. • You have time to immerse yourself in the issues.

Which decision making model should I use?



Exercises

1. What do you see as the main difference between a successful and an unsuccessful decision? How much does luck versus skill have to do with it? How much time does it take to know if a decision is successful or not?
2. Research has shown that over half of the decisions made within organizations fail. Does this surprise you? Why or why not?
3. Have you used the rational decision making model to make a decision? What was the context? How well did the model work?
4. Share an example of a decision in which you used satisficing. Were you happy with the outcome? Why or why not? When would you be most likely to engage in satisficing?
5. Do you think intuition is respected as a decision making style? Do you think it should be? Why or why not?

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11.1 Faulty Decision Making



Learning Objectives

1. Discuss overconfidence bias and how to avoid it.
2. Describe hindsight bias and how to avoid it.
3. Define anchoring and how to avoid it.
4. Outline framing bias and how to avoid it.
5. Describe the escalation of commitment and how to avoid it.

No matter which model you use, it is important to know and avoid the decision making traps that exist. Daniel Kahnemann (another Nobel Prize winner) and Amos Tversky spent decades studying how people make decisions. They found that individuals are influenced by overconfidence bias, hindsight bias, anchoring bias, framing bias, and escalation of commitment.

Overconfidence Bias

Overconfidence bias occurs when individuals overestimate their ability to predict future events. Many people exhibit signs of overconfidence. For example, 82% of the drivers surveyed feel they are in the top 30% of safe drivers, 86% of students at the Harvard Business School say they are better looking than their peers, and doctors consistently overestimate their ability to detect problems (Tilson, 2016). Much like friends who are 100% sure they can pick the winners of this week's football games despite evidence to the contrary, these individuals are suffering from overconfidence bias. To avoid this bias, take the time to stop and ask yourself if you are being realistic in your judgments.

Anchoring

Refers to the tendency for individuals to rely too heavily on a single piece of information. Job seekers often fall into this trap by focusing on a desired salary while ignoring other aspects of the job offer, such as additional benefits, fit with the job, and working environment. This mode of thinking can result in a less-than-desirable work environment and your perception of the job itself.

Framing Bias

Framing bias is another concern for decision makers. Framing bias refers to the tendency of decision makers to be influenced by the way that a situation or problem is presented. For example, when making a purchase, customers find it easier to let go of a discount as opposed to accepting a surcharge, even though they both might cost the person the same amount of money. Similarly, when members read the menu in the clubhouse tend to prefer a statement such as "85% beef" as opposed to "15% fat" (Li, Sun & Wang, 2007). It is important to

be aware of this tendency because, depending on how a problem is presented to us, we might choose an alternative that is disadvantageous simply because of the way it is framed.

Escalation

Escalation of commitment occurs when individuals continue on a failing course of action after information reveals it may be a poor path to follow. It is sometimes called the “sunk costs fallacy,” because continuation is often based on the idea that one has already invested in the course of action. For example, imagine a superintendent who purchases a used greens mower, which turns out to need something repaired every few weeks. An effective way of dealing with this situation might be to sell the mower without incurring further losses, donate the mower, or use it until it falls apart. However, many people would spend hours of their time and hundreds, even thousands of dollars, repairing the mower in the hopes that they might recover their initial investment. Thus, rather than cutting their losses, they waste time and energy while trying to justify their purchase of the mower.

Why does escalation of commitment occur? There may be many reasons, but two are particularly important. First, decision makers may not want to admit that they were wrong. This may be because of personal pride or being afraid of the consequences of such an admission. Second, decision makers may incorrectly believe that spending more time and energy might somehow help them recover their losses. Effective decision makers avoid escalation of commitment by distinguishing between when persistence may actually pay off versus when it might mean escalation of commitment. To avoid the escalation of commitment, you might consider having strict turning back points. Finally, creating an organizational climate in which individuals do not fear admitting that their initial decision no longer makes economic sense would go a long way in preventing the escalation of commitment, as it could lower the regret the decision maker may experience (Wong & Kwong, 2007).

So far, we have focused on how individuals make decisions and how to avoid decision traps. Next, we shift our focus to the group level. There are many similarities as well as many differences between individual and group decision making. There are many factors that influence group dynamics and also affect the group decision making process. We will discuss some of them in the following section.



Exercises

1. Describe a time when you fell into one of the decision making traps. How did you come to realize that you had made a poor decision?
2. How can you avoid the escalation of commitment?
3. Share an example of anchoring.
4. Which of the traps seems the most dangerous for decision makers and why?

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11.2 Decision Making in Groups



Learning Objectives

1. List the pros and cons of individual and group decision making.
2. Recognize the signs of groupthink.
3. Recognize different tools and techniques for making better decisions.

Are Two Heads Better Than One?

The answer to this question depends on several factors. Group decision making has the advantage of drawing from the experiences and perspectives of a larger number of individuals. Hence, a group may have the potential to be more creative and lead to more effective decisions. In fact, groups may sometimes achieve results beyond what they could have done as individuals. Groups may also make the task more enjoyable for the members. Finally, when the decision is made by a group rather than a single individual, implementation of the decision will be easier because group members will be more invested in the decision. If the group is diverse, better decisions may be made because different group members may have different ideas based on their backgrounds and experiences. Research shows that for top management teams, diverse groups that debate issues make decisions that are more comprehensive and better for the bottom line (Simons, Pelled, & Smith, 1999).

Despite its popularity within organizations, group decision making suffers from a number of disadvantages. We know that groups rarely outperform their best member (Miner, 1984). While groups have the potential to arrive at an effective decision, they often suffer from process losses. For example, groups may suffer from coordination problems. Anyone who has worked with a team of individuals on a project can attest to the difficulty of coordinating members' work or even coordinating everyone's presence in a team meeting. Furthermore, groups can suffer from groupthink. Finally, group decision making takes more time compared to individual decision making, because all members need to discuss their thoughts regarding different alternatives.

Thus, whether an individual or a group decision is preferable will depend on the specifics of the situation. For example, if there is an emergency and a decision needs to be made quickly, individual decision making might be preferred. Individual decision making may also be appropriate if the individual in question has all the information needed to make the decision and if implementation problems are not expected. On the other hand, if one person does not have all the information and skills needed to make a decision, if implementing the decision will be difficult without the involvement of those who will be affected by the decision, and if time urgency is more modest, then decision making by a group may be more effective.

Individual Decision Making

Pros

Typically faster than group decision making
The best individual in a group usually outperforms the group
Accountability is easier to determine

Cons

Fewer ideas
Identifying the best individual can be challenging
Possible to put off making decisions if left alone to do it

Group Decision Making

Pros

Diversity of ideas and can piggyback on others' ideas
Greater commitment to ideas
Interaction can be fun and serves as a teambuilding task

Cons

Takes longer
Group dynamics, such as groupthink, can occur
Social loafing—harder to identify responsibility for decisions

Groupthink

Have you ever been in a decision making group that you felt was heading in the wrong direction, but you didn't speak up and say so? If so, you have already been a victim of groupthink. Groupthink is a tendency to avoid a critical evaluation of ideas that the group favours.

Irving Janis, author of a book called *Victims of Groupthink*, explained that groupthink is characterized by eight symptoms (Janis, 1972):

1. **Illusion of invulnerability** is shared by most or all of the group members, which creates excessive optimism and encourages them to take extreme risks.
2. **Collective rationalizations** occur, in which members downplay negative information or warnings that might cause them to reconsider their assumptions.
3. **An unquestioned belief in the group's inherent morality** occurs, which may incline members to ignore the ethical or moral consequences of their actions.
4. **Stereotyped views of outgroups** are seen when groups discount rivals' abilities to make effective responses.
5. **Direct pressure** is exerted on any members who express strong arguments against any of the group's stereotypes, illusions, or commitments.
6. **Self-censorship** occurs when members of the group minimize their own doubts and counterarguments.
7. **Illusions of unanimity** occur based on self-censorship and direct pressure on the group. The lack of dissent is viewed as unanimity.
8. **The emergence of self-appointed mindguards** happens when one or more members protect the group from information that runs counter to the group's assumptions and course of action.



OB Toolbox: Recommendations for Avoiding Groupthink

- Groups should do the following:
 - Discuss the symptoms of groupthink and how to avoid them.
 - Assign a rotating devil's advocate to every meeting.
 - Invite experts or qualified colleagues who are not part of the core decision making group to attend meetings and get reactions from outsiders on a regular basis and share these with the group.
 - Encourage a culture of difference where different ideas are valued.
 - Debate the ethical implications of the decisions and potential solutions being considered.
- Individuals should do the following:
 - Monitor personal behaviour for signs of groupthink and modify behaviour if needed.
 - Check for self-censorship.
 - Carefully avoid mindguard behaviours.
 - Avoid putting pressure on other group members to conform.
 - Remind members of the ground rules for avoiding groupthink if they get off track.
- Group leaders should do the following:
 - Break the group into two subgroups from time to time.
 - Have more than one group work on the same problem if time and resources allow it. This makes sense for highly critical decisions.
 - Remain impartial and refrain from stating preferences at the outset of decisions.
 - Set a tone of encouraging critical evaluations throughout deliberations.
 - Create an anonymous feedback channel through which all group members can contribute if desired.

(Janis, 1972; Whyte, 1991).

Tools and Techniques for Making Better Decisions

Nominal Group Technique (NGT) was developed to help with group decision making by ensuring that all members participate fully. NGT is not a technique to be used routinely at all meetings. Rather, it is used to structure group meetings when members are grappling with problem-solving or idea generation. It follows four steps (Delbecq, Van de Ven, & Gustafson, 1975). First, each member of the group begins by independently and silently writing down ideas. Second, the group goes around the room in order to gather all the ideas that were generated. This process continues until all the ideas are shared. Third, a discussion takes place around each idea, and members ask for and give clarification and make evaluative statements. Finally, group members vote for their favourite ideas by using ranking or rating techniques. Following the four-step NGT

helps to ensure that all members participate fully, and it avoids group decision making problems such as groupthink.

Majority rule refers to a decision making rule in which each member of the group is given a single vote and the option receiving the greatest number of votes is selected. This technique has remained popular, perhaps due to its simplicity, speed, ease of use, and representational fairness. Research also supports majority rule as an effective decision making technique (Hastie & Kameda, 2005). However, those who did not vote in favour of the decision will be less likely to support it.

Consensus is another decision making rule that groups may use when the goal is to gain support for an idea or plan of action. While consensus tends to require more time, it may make sense when support is needed to enact the plan. The process works by discussing the issues at hand, generating a proposal, calling for consensus, and discussing any concerns. If concerns still exist, the proposal is modified to accommodate them. These steps are repeated until consensus is reached. Thus, this decision making rule is inclusive, participatory, cooperative, and democratic. Research shows that consensus can lead to better accuracy (Roch, 2007), and it helps members feel greater satisfaction with decisions (Mohammed & Ringseis, 2001). However, groups take longer with this approach, and if consensus cannot be reached, members tend to become frustrated (Peterson, 1999).



OB Toolbox: Perform a Project “Premortem”

Doctors routinely perform postmortems to understand what went wrong with a patient who has died. The idea is for everyone to learn from the unfortunate outcome so that future patients will not meet a similar fate. But what if you could avoid a horrible outcome before it happened by proactively identifying project risks? Research has shown that the simple exercise of imagining what could go wrong with a given decision can increase people's ability to correctly identify reasons for future successes or failures by 30% (Mitchell, Russo, & Pennington, 1989). A “premortem” is a way to imagine what might go wrong and avoid it before spending a cent or having to change course along the way. Gary Klein, an expert on decision making in fast-paced, uncertain, complex, and critical environments, recommends that decision makers follow a five-step process to increase their chances of success.

1. A planning team comes up with an outline of a plan, such as the launching of a new product.
2. Either the existing group or a unique group is then told to imagine looking into a crystal ball and seeing that the new product failed miserably. They then write down all the reasons they can imagine that might have led to this failure. Each team member shares items from their list until all the potential problems have been identified.
3. The list is reviewed for additional ideas.
4. The issues are sorted into categories in the search for themes.
5. The plan should then be revised to correct the flaws and avoid these potential problems.

This technique allows groups to truly delve into “what if” scenarios. For example, in a premortem session at a *Fortune* 500 company, an executive imagined that a potential billion-dollar environmental sustainability project might fail because the CEO had retired.

(Breen, 2000; Klein, 2007; Klein, 2003; Pliske, McCloskey & Klein, 2001).

Group Decision Support Systems (GDSS) are interactive computer-based systems that are able to combine communication and decision technologies to help groups make better decisions. Research shows that a GDSS can actually improve the output of groups' collaborative work through higher information sharing (Lam & Schaubroeck, 2000). Organizations know that having effective knowledge management systems to share information is important, and their spending reflects this reality. Businesses invested \$2.7 billion into new systems in 2002, and projections were for this number to double every 5 years. As the popularity of these systems grows, they risk becoming counterproductive. Humans can only process so many ideas and information at one time. As virtual meetings grow larger, it is reasonable to assume that information overload can occur and good ideas will fall through the cracks, essentially recreating a problem that the GDSS was intended to solve, which is to make sure every idea is heard. Another problem is that the system may become too complicated. If the systems evolve to a point of uncomfortable complexity, it has recreated the problem. Those who understand the interface will control the narrative of the discussion, while those who are less savvy will only be along for the ride (Nunamaker et al., 1991). Lastly, many of these programs fail to take into account the factor of human psychology. These systems could make employees more reluctant to share information because of a lack of control, a lack of immediate feedback, or the fear of online "flames."

Decision trees are diagrams in which answers to yes or no questions lead decision makers to address additional questions until they reach the end of the tree. Decision trees are helpful in avoiding errors such as framing bias (Wright & Goodwin, 2002). Decision trees tend to be helpful in guiding the decision maker to a predetermined alternative and ensuring consistency of decision making—that is, every time certain conditions are present, the decision maker will follow one course of action as opposed to others if the decision is made using a decision tree.



Exercises

1. Do you prefer to make decisions in a group or alone? What are the main reasons for your preference?
2. Have you been in a group that used the brainstorming technique? Was it an effective tool for coming up with creative ideas? Please share examples.
3. Have you been in a group that experienced groupthink? If so, how did you deal with it?
4. Which of the decision making tools discussed in this chapter (NGT, Delphi, and so on) have you used? How effective were they?

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11.3 The Role of Ethics in Decision Making



Learning Objectives

1. Consider the role of ethical behaviour in decision making.

Ethics and Decision Making

Because many decisions involve an ethical component, one of the most important considerations in management is whether the decisions you are making as an employee or manager are ethical.



Ethics of a Decision

Here are some basic questions you can ask yourself to assess the ethics of a decision.

- Is this decision fair?
- Will I feel better or worse about myself after I make this decision?
- Does this decision break any organizational rules?
- Does this decision break any laws?
- How would I feel if this decision were broadcast on the news?

(Blanchard & Peale, 1988)



Examples

Suppose you are the GM/Owner of a small golf course that needs to cut operational costs or face bankruptcy. You have decided that you will not be issuing the yearly bonus that employees have come to expect. The first thing you think about after coming to this decision is whether or not it is fair. It seems logical to you that, since the alternative would be the failure of the company and everyone losing their jobs, not receiving a bonus is preferable to being out of work. Additionally, you will not be collecting a bonus yourself, so the decision will affect everyone equally. After deciding that the decision seems fair, you try to assess how you will feel about yourself after informing employees that there will not be a bonus this year.



Although you do not like the idea of not being able to issue the yearly bonus, you are the owner, and owners often have to make tough decisions. Since your ultimate priority is to save the golf course from bankruptcy, you decide it is better to withhold bonuses rather than issue them, knowing the golf course cannot afford them. Despite the fact that bonuses have been issued every year since the golf course was founded, there are no organizational policies or laws requiring that employees receive a bonus; it has simply been a company tradition. The last thing you think about is how you would feel if your decision were broadcast on the news or social media. Because of the dire nature of the situation and because the fate of the business is at stake, you feel confident that this course of action is preferable to laying off loyal employees. As long as the facts of the situation were reported correctly, you feel the public would understand why the decision was made.



Exercises

1. How can you assess whether you are making ethical decisions or not?
2. Have you seen examples of ethical or unethical decisions being made? Describe what you observed.
3. Have you seen examples of national culture affecting decision making?
4. What advice surrounding decision making would you give to someone who will be managing a new division of a company in another culture?
5. What can go wrong when cultural factors are ignored?

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11.4 Chapter Summary

Decision-making is a critical component of business. Some decisions are obvious and can be made quickly, without investing much time and effort in the decision making process. Others, however, require substantial consideration of the circumstances surrounding the decision, available alternatives, and potential outcomes. Fortunately, there are several methods that can be used when making a difficult decision, depending on various environmental factors. Some decisions are best made by groups. Group decision making processes also have multiple models to follow, depending on the situation. Even when specific models are followed, groups and individuals can often fall into potential decision making pitfalls. If too little information is available, decisions might be made based on a feeling. On the other hand, if too much information is presented, people can suffer from analysis paralysis, in which no decision is reached because of the overwhelming number of alternatives.

Ethics and culture both play a part in decision making. From time to time, a decision can be legal but not ethical. These grey areas that surround decision making can further complicate the process, but following basic guidelines can help people ensure that the decisions they make are ethical and fair.



Ethical Dilemma

Deer Trail Country Club's revenues and profitability grew substantially during the first three years of Tom Green's tenure as general manager (GM). However, in subsequent years, profits declined significantly, triggering an investigation by the club controller. The investigation revealed that the food and beverage cost percentages had gone up significantly due to increased vendor prices. Two vendors accounted for most of the increase, both of whom had given Tom high-value gifts. Such as cash rebates, free products and sporting event tickets. After the CLUB owner was informed of this, he immediately terminated Tom from the position of GM. Based on what you learned in this chapter, take a moment and ponder the following questions;

- Is this decision made by the owner fair?
- If you were the owner, would you feel better or worse about the situation after making this decision?
- Does the GM's decision to accept gifts break any organizational rules?
- Does the GM's decision to accept gifts break any laws?
- How would the GM feel if this decision were broadcast on the news or social media?
- What would be the consequences of Tom's decisions to accept gifts on his future career?

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11.5 Chapter References

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CHAPTER 12: LEADING PEOPLE WITHIN ORGANIZATIONS

Chapter Overview

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- [12.1 What Do Leaders Do? Behavioural Approaches to Leadership](#)
- [12.2 What Is the Role of the Context? Contingency Approaches to Leadership](#)
- [12.3 What's New? Contemporary Approaches to Leadership](#)
- [12.4 The Role of Leadership Ethics](#)
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12.0 Who Is a Leader? Trait Approaches to Leadership



Learning Objectives

1. Explain trait approaches in the history of leadership studies.
2. Outline the traits associated with leadership.
3. Discuss the limitations of trait approaches to leadership.

The earliest approach to the study of leadership sought to identify a set of traits that distinguished leaders from non-leaders. What were the personality characteristics and the physical and psychological attributes of people who are viewed as leaders? Because of the problems in the measurement of personality traits at the time, different studies used different measures. By 1940, researchers concluded that the search for leadership-defining traits was futile. In recent years, though, after the advances in personality literature such as the development of the Big Five personality framework, researchers have had more success in identifying traits that predict leadership (House & Aditya, 1997). Most importantly, charismatic leadership, which is among the contemporary approaches to leadership, may be viewed as an example of a trait approach.

The traits that show relatively strong relations with leadership are discussed below (Judge et al., 2002).

Intelligence

General mental ability, which psychologists refer to as “g” and which is often called “IQ” in everyday language, has been related to a person’s emergence as a leader within a group. Specifically, people who have high mental abilities are more likely to be viewed as leaders in their environment (House & Aditya, 1997; Ilies, Gerhardt, & Huy, 2004; Lord, De Vader, & Alliger, 1986; Taggar, Hackett, & Saha, 1999). We should caution, though, that intelligence is a positive but modest predictor of leadership, and when actual intelligence is measured with paper-and-pencil tests, its relationship to leadership is a bit weaker compared to when intelligence is defined as the perceived intelligence of a leader (Judge et al., 2004a). In addition to having a high IQ, effective leaders tend to have high emotional intelligence (EQ). People with high EQ demonstrate a high level of self-awareness, motivation, empathy, and social skills. The psychologist who coined the term *emotional intelligence*, Daniel Goleman, believes that IQ is a threshold quality: It matters for entry to high-level management jobs, but once you get there, it no longer helps leaders, because most leaders already have a high IQ. According to Goleman, what differentiates effective leaders from ineffective ones is their ability to control their own emotions and understand other people’s emotions, their internal motivation, and their social skills (Goleman, 2004).

Big 5 Personality Traits

Psychologists have proposed various systems for categorizing the characteristics that make up an individual's unique personality; one of the most widely accepted is the "Big Five" model, which rates an individual according to Openness to experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. Several of the Big Five personality traits have been related to leadership emergence (whether someone is viewed as a leader by others) and effectiveness (Judge et al., 2002).



"Big Five Personality Traits" by Anna Tunikova [CC BY 4.0](#)

Trait	Description
Openness	Being curious, original, intellectual, creative, and open to new ideas
Conscientiousness	Being organized, systematic, punctual, achievement-oriented, and dependable.
Extraversion	Being outgoing, talkative, sociable, and enjoying social situations.
Agreeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
Neuroticism	Being anxious, irritable, temperamental, and moody.

Self-Esteem

Self-esteem is not one of the Big Five personality traits, but it is an important aspect of one's personality. The degree to which a person is at peace with oneself and has an overall positive assessment of one's self-worth and capabilities seems to be relevant to whether someone is viewed as a leader. Leaders with high self-esteem support their subordinates more and, when punishment is administered, they punish more effectively (Atwater et al., 1998; Niebuhr & Davis, 1984). It is possible that those with high self-esteem have greater levels of self-confidence, and this affects their image in the eyes of their followers. Self-esteem may also explain the relationship between some physical attributes and leader emergence. For example, research shows a strong relationship between being tall and being viewed as a leader (as well as one's career success over life). It is proposed that self-esteem may be the key mechanism linking height to being viewed as a leader because people who are taller are also found to have higher self-esteem and therefore may project greater levels of charisma as well as confidence to their followers (Judge & Cable, 2004).

Integrity

Research also shows that people who are effective as leaders tend to have a moral compass and demonstrate honesty and integrity (Reave, 2005). Leaders whose integrity is questioned lose their trustworthiness, and they hurt their company's business along the way.

Key Traits Associated With Leadership

Integrity

Intelligence

Extraversion

Conscientious

Open to Experience

Self-esteem

Despite problems in trait approaches, these findings can still be useful to managers and companies. For example, knowing about leader traits helps organizations select the right people for positions of responsibility. The key to benefiting from the findings of trait researchers is to be aware that not all traits are equally effective in predicting leadership potential across all circumstances. Some organizational situations allow leader traits to make a greater difference (House & Aditya, 1997). For example, in small, entrepreneurial organizations where leaders have a lot of leeway to determine their own behaviour, the type of traits leaders have may make a difference in leadership potential. In large, bureaucratic, and rule-bound organizations such as the government and the military, a leader's traits may have less to do with how the person behaves and whether the person is a successful leader (Judge et al., 2002). Moreover, some traits become relevant in specific circumstances. For example, bravery is likely to be a key characteristic in military leaders, but not necessarily in business leaders. Scholars now conclude that instead of trying to identify a few traits that distinguish leaders from non-leaders, it is important to identify the conditions under which different traits affect a leader's performance, as well as whether a person emerges as a leader (Hackman & Wageman, 2007).



Exercises

1. Think of a leader you admire. What traits does this person have? Are they consistent with the traits discussed in this chapter? If not, why is this person effective despite the presence of different traits?
2. Can the findings of trait approaches be used to train potential leaders? Which traits seem easier to teach? Which are more stable?
3. How can organizations identify future leaders with a given set of traits? Which methods would be useful for this purpose?
4. What other traits can you think of that would be relevant to leadership?

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12.1 What Do Leaders Do? Behavioural Approaches to Leadership



Learning Objectives

1. Explain the behaviours that are associated with leadership.
2. Identify the three alternative decision making styles leaders use and the conditions under which they are more effective.
3. Discuss the limitations of behavioural approaches to leadership.

Leader Behaviours

When trait researchers became disillusioned in the 1940s, their attention turned to studying leader behaviours. What did effective leaders actually do? Which behaviours made them perceived as leaders? Which behaviours increased their success? To answer these questions, researchers at Ohio State University and the University of Michigan used many different techniques, such as observing leaders in laboratory settings as well as surveying them. This research stream led to the discovery of two broad categories of behaviours: task-oriented behaviours (sometimes called initiating structure) and people-oriented behaviours (also called consideration). Task-oriented leader behaviours involve structuring the roles of subordinates, providing them with instructions, and behaving in ways that will increase the performance of the group. Task-oriented behaviours are directives given to employees to get things done and to ensure that organizational goals are met. People-oriented leader behaviours include showing concern for employee feelings and treating employees with respect. People-oriented leaders genuinely care about the well-being of their employees, and they demonstrate their concern in their actions and decisions. At the time, researchers thought that these two categories of behaviours were the keys to the puzzle of leadership (House & Aditya, 1997). However, research did not support the argument that demonstrating both of these behaviours would necessarily make leaders effective (Nystrom, 1978).

When we look at the overall findings regarding these leader behaviours, it seems that both types of behaviours, in the aggregate, are beneficial to organizations, but for different purposes. For example, when leaders demonstrate people-oriented behaviours, employees tend to be more satisfied and react more positively. However, when leaders are task-oriented, productivity tends to be a bit higher (Judge et al., 2004b). Moreover, the situation in which these behaviours are demonstrated seems to matter. In small companies, task-oriented behaviours were found to be more effective than in large companies (Miles & Petty, 1977). There is also some evidence that very high levels of leader task-oriented behaviours may cause burnout in employees (Seltzer & Numerof, 1988).

Leader Decision Making

Another question behavioural researchers focused on involved how leaders actually make decisions and the influence of decision making styles on leader effectiveness and employee reactions. Three types of decision making styles were studied. In authoritarian decision making, leaders make the decision alone without necessarily involving employees in the decision making process. When leaders use democratic decision making, employees participate in the making of the decision. Finally, leaders using laissez-faire decision making leave employees alone to make the decision. The leader provides minimal guidance and involvement in the decision.

As with other lines of research on leadership, research did not identify one decision making style as the best. It seems that the effectiveness of the style the leader is using depends on the circumstances. A review of the literature shows that when leaders use more democratic or participative decision making styles, employees tend to be more satisfied; however, the effects on decision quality or employee productivity are weaker. Moreover, instead of expecting to be involved in every single decision, employees seem to care more about the overall participativeness of the organizational climate (Miller & Monge, 1986). Different types of employees may also expect different levels of involvement. In a research organization, scientists viewed democratic leadership most favourably and authoritarian leadership least favourably (Baumgartel, 1957), but employees working in large groups where opportunities for member interaction were limited preferred authoritarian leader decision making (Vroom & Mann, 1960). Finally, the effectiveness of each style seems to depend on who is using it. (Deutschman, 2004; Welch, Kiley, & Ihlwan, 2008).

The track record of the laissez-faire decision making style is more problematic. Research shows that this style is negatively related to employee satisfaction with leaders and leader effectiveness (Judge & Piccolo, 2004). Laissez-faire leaders create high levels of ambiguity about job expectations on the part of employees, and employees also engage in higher levels of conflict when leaders are using the laissez-faire style (Skogstad et al., 2007).



Leadership Assumptions about Human Nature

Why do some managers believe that the only way to manage employees is to force and coerce them to work while others adopt a more humane approach? Douglas McGregor, an MIT Sloan School of Management professor, believed that a manager's actions toward employees were dictated by having one of two basic sets of assumptions about employee attitudes. His two contrasting categories, outlined in his 1960 book, *The Human Side of Enterprise*, are known as Theory X and Theory Y.

According to McGregor, some managers subscribe to Theory X. The main assumptions of Theory X managers are that employees are lazy, do not enjoy working, and will avoid expending energy on work whenever possible. For a manager, this theory suggests employees need to be forced to work through any number of control mechanisms, ranging from threats to actual punishments. Because of the assumptions they make about human nature, Theory X managers end up establishing rigid work environments. Theory X also assumes employees completely lack ambition. As a result, managers must take full responsibility for their subordinates' actions, as these employees will never take initiative outside of their regular job duties to accomplish tasks.

In contrast, Theory Y paints a much more positive view of employees' attitudes and behaviours. Under Theory Y, employees are not lazy, can enjoy work, and will put effort into furthering organizational goals. Because these managers can assume that employees will act in the best interests of the organization, given the chance, Theory Y managers allow employees autonomy and help them become committed to particular goals. They tend to adopt a more supportive role, often focusing on maintaining a work environment in which employees can be innovative and prosperous within their roles.

One way of improving our leadership style would be to become conscious about our theories of human nature and question the validity of our implicit theories.

(McGregor, 1960).

Limitations of Behavioural Approaches

Behavioural approaches, similar to trait approaches, fell out of favour because they neglected the environment in which behaviours are demonstrated. The hope of the researchers was that the identified behaviours would predict leadership under all circumstances, but it may be unrealistic to expect that a given set of behaviours would work under all circumstances. What makes a high school principal effective on the job may be very different from what makes a military leader effective, which would be different from behaviours creating success in small or large business enterprises. It turns out that specifying the conditions under which these behaviours are more effective may be a better approach.



Exercises

1. Give an example of a leader you admire whose behaviour is primarily task-oriented, and one whose behaviour is primarily people-oriented.
2. What are the limitations of authoritarian decision making? Under which conditions do you think an authoritarian style would be more effective?
3. What are the limitations of democratic decision making? Under which conditions do you think a democratic style would be more effective?
4. What are the limitations of laissez-faire decision making? Under which conditions do you think laissez-faire style would be more effective?
5. Examine your own leadership style. Which behaviours are you more likely to demonstrate? Which decision making style are you more likely to use?

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12.2 What Is the Role of the Context? Contingency Approaches to Leadership



Learning Objectives

1. Discuss the major situational conditions that determine the effectiveness of different leadership styles.
2. Identify the conditions under which highly task-oriented and highly people-oriented leaders can be successful based on Fiedler's contingency theory.
3. Describe the Path-Goal theory of leadership.
4. Describe a method by which leaders can decide how democratic or authoritarian their decision making should be.

What is the best leadership style? By now, you must have realized that this may not be the right question to ask. Instead, a better question might be: Under which conditions are certain leadership styles more effective? After the disappointing results of trait and behavioural approaches, several scholars developed leadership theories that specifically incorporated the role of the environment. Specifically, researchers started following a contingency approach to leadership—rather than trying to identify traits or behaviours that would be effective under all conditions, the attention moved toward specifying the situations under which different styles would be effective.

Fiedler's Contingency Theory

The earliest and one of the most influential contingency theories was developed by Frederick Fiedler (Fiedler, 1967). According to the theory, a leader's style is measured by a scale called the Least Preferred Coworker scale (LPC). People who are filling out this survey are asked to think of a person who is their least preferred coworker. Then, they rate this person in terms of how friendly, nice, and cooperative this person is. Imagine someone you did not enjoy working with. Can you describe this person in positive terms? In other words, if you can say that the person you hated working with was still a nice person, you would have a high LPC score. This means that you have a people-oriented personality, and you can separate your liking of a person from your ability to work with that person. On the other hand, if you think that the person you hated working with was also someone you did not like on a personal level, you would have a low LPC score. To you, being unable to work with someone would mean that you also dislike that person. In other words, you are a task-oriented person.

According to Fiedler's theory, different people can be effective in different situations. The LPC score is akin to a personality trait and is not likely to change. Instead, placing the right people in the right situation or changing the situation to suit an individual is important to increase a leader's effectiveness. The theory predicts that in "favourable" and "unfavourable" situations, a low LPC leader—one who has feelings of dislike for coworkers who are difficult to work with—would be successful. When situational favorableness is medium,

a high LPC leader—one who is able to personally like coworkers who are difficult to work with—is more likely to succeed.

How does Fiedler determine whether a situation is “favourable,” “medium,” or “unfavourable”? There are three conditions creating situational favorableness: leader-subordinate relations, position power, and task structure. If the leader has a good relationship with most people and has high positional power, and the task at hand is structured, the situation is very favourable. When the leader has low-quality relations with employees and has low position power, and the task at hand is relatively unstructured, the situation is very unfavourable.

Situational favorableness	Leader-subordinate relations	Position Power	Task structure	Best Style
Favorable	Good	High	High	Low LPC Leader
	Good	High	Low	
	Good	Low	High	
Medium	Good	Low	Low	High LPC Leader
	Poor	High	High	
	Poor	High	Low	
Unfavorable	Poor	Low	High	Low LPC leader
	Poor	Low	Low	

Situational Favorableness Sources: Based on information in Fiedler, F. E. (1967). *A theory of leadership effectiveness*. New York: McGraw-Hill; Fiedler, F. E. (1964). A contingency model of leader effectiveness. In L. Berkowitz (Ed.), *Advances in experimental social psychology, vol. 1* (pp. 149–190). New York: Academic Press.

Research partially supports the predictions of Fiedler’s contingency theory (Peters, Hartke, & Pohlmann, 1985; Strube & Garcia, 1981; Vecchio, 1983). Specifically, there is more support for the theory’s predictions about when low LPC leadership should be used, but the part about when high LPC leadership would be more effective received less support. Even though the theory was not supported in its entirety, it is a useful framework to think about when task-versus people-oriented leadership may be more effective. Moreover, the theory is important because of its explicit recognition of the importance of the context of leadership.

Situational Leadership

Another contingency approach to leadership is Kenneth Blanchard and Paul Hersey’s Situational Leadership Theory (SLT), which argues that leaders must use different leadership styles depending on their followers’ development level (Hersey, Blanchard, & Johnson, 2007). According to this model, employee readiness (defined as a combination of their competence and commitment levels) is the key factor determining the proper leadership style.

The model summarizes the level of directive and supportive behaviours that leaders may exhibit. The model argues that to be effective, leaders must use the right style of behaviours at the right time in each employee’s development. It is recognized that followers are key to a leader’s success. Employees who are at the earliest stages of development are seen as being highly committed but with low competence for the tasks. Thus, leaders should be highly directive and less supportive. As the employee becomes more competent, the leader should engage in more coaching behaviours. Supportive behaviours are recommended once the employee is at moderate to high levels of competence. And finally, delegating is the recommended approach for leaders dealing with employees who are both highly committed and highly competent. While the SLT is popular with managers, relatively easy to understand and use, and has endured for decades, research has been mixed in its support of the basic assumptions of the model (Blank, Green, & Weitzel, 1990; Graeff, 1983; Fernandez &

Vecchio, 2002). Therefore, while it can be a useful way to think about matching behaviours to situations, overreliance on this model, at the exclusion of other models, is premature.

Follower Readiness Level	Competence (Low)	Competence (Low)	Competence (Moderate to High)	Competence (High)
	Commitment (High)	Commitment (Low)	Commitment (Variable)	Commitment (High)
Recommended Leader Style	Directing Behavior	Coaching Behavior	Supporting Behavior	Delegating Behavior

Situational Leadership Theory helps leaders match their style to follower readiness levels.

Path-Goal Theory of Leadership

Robert House's path-goal theory of leadership is based on the expectancy theory of motivation (House, 1971). The expectancy theory of motivation suggests that employees are motivated when they believe—or expect—that (a) their effort will lead to high performance, (b) their high performance will be rewarded, and (c) the rewards they will receive are valuable to them. According to the path-goal theory of leadership, the leader's main job is to make sure that all three of these conditions exist. Thus, leaders will create satisfied and high-performing employees by making sure that employee effort leads to performance, and their performance is rewarded with desired rewards. The leader removes roadblocks along the way and creates an environment that subordinates find motivational.

The theory also makes specific predictions about what type of leader behaviour will be effective under which circumstances (House, 1996). The theory identifies four leadership styles. Each of these styles can be effective, depending on the characteristics of employees (such as their ability level, preferences, locus of control, and achievement motivation) and characteristics of the work environment (such as the level of role ambiguity, the degree of stress present in the environment, and the degree to which the tasks are unpleasant).

Four Leadership Styles

Directive Leaders

Directive leaders provide specific directions to their employees. They lead employees by clarifying role expectations, setting schedules, and making sure that employees know what to do on a given work day. The theory predicts that the directive style will work well when employees are experiencing role ambiguity on the job. If people are unclear about how to go about doing their jobs, giving them specific directions will motivate them. On the other hand, if employees already have role clarity and if they are performing boring, routine, and highly structured jobs, giving them direction does not help. In fact, it may hurt them by creating an even more restrictive atmosphere. Directive leadership is also thought to be less effective when employees have high levels of ability. When managing professional employees with high levels of expertise and job-specific knowledge, telling them what to do may create a low-empowerment environment, which impairs motivation.

This style is appropriate when:

- When employees have high role ambiguity
- When employees have low abilities
- When employees have an external locus of control

Supportive Leaders

Supportive leaders provide emotional support to employees. They treat employees well, care about them on a personal level, and they are encouraging. Supportive leadership is predicted to be effective when employees are under a lot of stress or performing boring, repetitive jobs. When employees know exactly how to perform their jobs but their jobs are unpleasant, supportive leadership may be more effective.

This style is appropriate when:

- When tasks are boring and repetitive
- When tasks are stressful

Participative Leaders

Participative leaders make sure that employees are involved in the making of important decisions. Participative leadership may be more effective when employees have high levels of ability and when the decisions to be made are personally relevant to them. For employees with a high internal locus of control (those who believe that they control their own destiny), participative leadership is a way of indirectly controlling organizational decisions, which is likely to be appreciated.

This style is appropriate when:

- When employees have high abilities
- When the decision is relevant to employees
- When employees have a high internal locus of control

Achievement-Oriented Leaders

Achievement-oriented leaders set goals for employees and encourage them to reach their goals. Their

style challenges employees and focuses their attention on work-related goals. This style is likely to be effective when employees have both high levels of ability and high levels of achievement motivation.

This style is appropriate when:

- When employees have high abilities
- When employees have high achievement motivation

The path-goal theory of leadership has received partial but encouraging levels of support from researchers. Because the theory is highly complicated, it has not been fully and adequately tested (House & Aditya, 1997; Stinson & Johnson, 1975; Wofford & Liska, 1993). The theory's biggest contribution may be that it highlights the importance of a leader's ability to change styles depending on the circumstances. Unlike Fiedler's contingency theory, in which the leader's style is assumed to be fixed and only the environment can be changed, House's path-goal theory underlines the importance of varying one's style depending on the situation.

Predictions of the Path-Goal Theory Approach to Leadership (House, 1996). Path-goal theory of leadership. *Journal of Contemporary Business*, 3, 81–97.

Vroom and Yetton's Normative Decision Model

Yale School of Management Professor Victor Vroom and his colleagues Philip Yetton and Arthur Jago developed a decision making tool to help leaders determine how much involvement they should seek when making decisions (Vroom, 2000; Vroom & Yetton, 1973; Jago & Vroom, 1980; Vroom & Jago, 1988). The model starts by having leaders answer several key questions and working their way through a decision tree based on their responses. Let's try it. Imagine that you want to help your employees lower their stress so that you can minimize employee absenteeism. There are a number of approaches you could take to reduce employee stress, such as offering gym memberships, providing employee assistance programs, a nap room, and so forth.

Let's refer to the model and start with the first question. As you answer each question as high (H) or low (L), follow the corresponding path down the funnel.

1. *Decision Significance.* The decision has high significance because the approach chosen needs to be effective at reducing employee stress for the insurance premiums to be lowered. In other words, there is a quality requirement for the decision. Follow the path through H.
2. *Importance of Commitment.* Does the leader need employee cooperation to implement the decision? In our example, the answer is high because employees may simply ignore the resources if they do not like them. Follow the path through H.
3. *Leader expertise.* Does the leader have all the information needed to make a high-quality decision? In our example, the leader's expertise is low. You do not have information regarding what your employees need or what kinds of stress reduction resources they would prefer. Follow the path through L.
4. *Likelihood of commitment.* If the leader makes the decision alone, what is the likelihood that the employees would accept it? Let's assume that the answer is low. Based on the leader's experience with this group, they would likely ignore the decision if the leader made it alone. Follow the path from L.
5. *Goal alignment.* Are the employee's goals aligned with the organization's goals? In this instance, employee and organizational goals may be aligned because you both want to ensure that employees are healthier. So let's say the alignment is high, and follow H.
6. *Group expertise.* Does the group have expertise in this decision making area? The group in question has little information about which alternatives are costlier or more user-friendly. We'll say group expertise is low. Follow the path from L.
7. *Team competence.* What is the ability of this particular team to solve the problem? Let's imagine that this is a new team that just got together and they have little demonstrated expertise to work together effectively. We will answer this as low or L.

Based on the answers to the questions we gave, the normative approach recommends consulting employees as a group. In other words, the leader may make the decision alone after gathering information from employees and is not advised to delegate the decision to the team or to make the decision alone.

Decision-Making Styles

- *Decide.* The leader makes the decision alone using available information.
- *Consult Individually.* The leader obtains additional information from group members before making the decision alone.
- *Consult as a group.* The leader shares the problem with group members individually and makes the final decision alone.
- *Facilitate.* The leader shares information about the problem with group members collectively and acts as a facilitator. The leader sets the parameters of the decision.
- *Delegate.* The leader lets the team make the decision.

Vroom and Yetton's normative model is somewhat complicated, but research results support the validity of the

model. On average, leaders using the style recommended by the model tend to make more effective decisions compared to leaders using a style not recommended by the model (Vroom & Jago, 1978).



Exercises

1. Do you believe that the least preferred coworker technique is a valid method of measuring someone's leadership style? Why or why not?
2. Do you believe that leaders can vary their style to demonstrate directive, supportive, achievement-oriented, and participative-oriented styles with respect to different employees? Or does each leader tend to have a personal style that he or she regularly uses toward all employees?
3. What do you see as the limitations of the Vroom-Yetton leadership decision making approach?
4. Which of the leadership theories covered in this section do you think are most useful and least useful to practicing managers? Why?

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12.3 What's New? Contemporary Approaches to Leadership



Learning Objectives

1. Discuss the difference between transformational and transactional leaders.
2. Describe the relationship between charismatic leadership and how it relates to leader performance.
3. Outline how to be charismatic.
4. Describe how high-quality leader-subordinate relationships develop.
5. Define servant leadership and evaluate its potential for leadership effectiveness.
6. Define authentic leadership and evaluate its potential for leadership effectiveness.

What are the leadership theories that have the greatest contributions to offer to today's business environment? In this section, we will review the most recent developments in the field of leadership.

Transformational Leadership

Transformational leadership theory is a recent addition to the literature, but more research has been conducted on this theory than all the contingency theories combined. The theory distinguishes transformational and transactional leaders. Transformational leaders lead employees by aligning employee goals with the leader's goals. Thus, employees working for transformational leaders start focusing on the company's well-being rather than on what is best for them as individual employees. On the other hand, transactional leaders ensure that employees demonstrate the right behaviours and provide resources in exchange (Bass, 1985; Burns, 1978).

Transformational leaders have four tools in their possession, which they use to influence employees and create commitment to the company's goals (Bass, 1985; Burns, 1978; Bycio, Hackett, & Allen, 1995; Judge & Piccolo, 2004). First, transformational leaders are charismatic. Charisma refers to behaviours leaders demonstrate that create confidence in, commitment to, and admiration for the leader (Shamir, House, & Arthur, 1993). Charismatic individuals have a "magnetic" personality that is appealing to followers. Second, transformational leaders use inspirational motivation, or come up with a vision that is inspiring to others. Third is the use of intellectual stimulation, which means that they challenge organizational norms and the status quo, and they encourage employees to think creatively and work harder. Finally, they use individualized consideration, which means that they show personal care and concern for the well-being of their followers.

While transformational leaders rely on their charisma, persuasiveness, and personal appeal to change and inspire their companies, transactional leaders use three different methods. Contingent rewards mean rewarding employees for their accomplishments. Active management by exception involves leaving employees to do their jobs without interference, but at the same time proactively predicting potential

problems and preventing them from occurring. Passive management by exception is similar in that it involves leaving employees alone, but in this method, the manager waits until something goes wrong before coming to the rescue.

Which leadership style do you think is more effective, transformational or transactional? Research shows that transformational leadership is a very powerful influence over leader effectiveness as well as employee satisfaction (Judge & Piccolo, 2004). In fact, transformational leaders increase the intrinsic motivation of their followers, build more effective relationships with employees, increase performance and creativity of their followers, increase team performance, and create higher levels of commitment to organizational change efforts (Herold et al., 2008; Piccolo & Colquitt, 2006; Schaubroeck, Lam, & Cha, 2007; Shin & Zhou, 2003; Wang et al., 2005). However, except for passive management by exception, transactional leadership styles are also effective, and they have positive influences over leader performance as well as employee attitudes (Judge & Piccolo, 2004). To maximize their effectiveness, leaders are encouraged to demonstrate both transformational and transactional styles. They should also monitor themselves to avoid demonstrating passive management by exception or leaving employees to their own devices until problems arise.

Why is transformational leadership effective? The key factor may be trust. Trust is the belief that the leader will show integrity, fairness, and predictability in his or her dealings with others. Research shows that when leaders demonstrate transformational leadership behaviours, followers are more likely to trust the leader. The tendency to trust in transactional leaders is substantially lower. Because transformational leaders express greater levels of concern for people's well-being and appeal to people's values, followers are more likely to believe that the leader has a trustworthy character (Dirks & Ferrin, 2002).

Is transformational leadership genetic? Some people assume that charisma is something people are born with. You either have charisma or you don't. However, research does not support this idea. We must acknowledge that there is a connection between some personality traits and charisma. Specifically, people who have a neurotic personality tend to demonstrate lower levels of charisma, and people who are extraverted tend to have higher levels of charisma. However, personality explains only around 10% of the variance in charisma (Bono & Judge, 2004). A large body of research has shown that it is possible to train people to increase their charisma and increase their transformational leadership (Barling, Weber, & Kelloway, 1996; Dvir et al., 2002; Frese, Beimeel, & Schoenborg, 2003).

Even if charisma can be learned, a more fundamental question remains: Is it really needed? Charisma is only one element of transformational leadership, and leaders can be effective without charisma. Leadership experts warn that when organizations are in a crisis, a board of directors or hiring manager may turn to heroes who they hope will save the organization, and sometimes hire people who have no particular qualifications other than being perceived as charismatic (Khurana, 2002).

An interesting study shows that when companies have performed well, their CEOs are perceived as charismatic, but CEO charisma has no relation to the future performance of a company (Agle et al., 2006). So, what we view as someone's charisma may be largely because of their association with a successful company, and the success of a company depends on a large set of factors, including industry effects and historical performance. While it is true that charismatic leaders may sometimes achieve great results, the search for charismatic leaders under all circumstances may be irrational.



OB Toolbox: Be Charismatic!

- *Have a vision around which people can gather.* When framing requests or addressing others, instead of emphasizing short-term goals, stress the importance of the long-term vision. When giving a message, think about the overarching purpose. What is the ultimate goal? Why should people care? What are you trying to achieve?
- *Tie the vision to history.* In addition to stressing the ideal future, charismatic leaders also bring up the history and how the shared history ties to the future.
- *Watch your body language.* Charismatic leaders are energetic and passionate about their ideas. This involves truly believing in your own ideas. When talking to others, be confident, look them in the eye, and express your belief in your ideas.
- *Make sure that employees have confidence in themselves.* You can achieve this by showing that you believe in them and trust in their abilities. If they have a real reason to doubt their abilities, make sure that you address the underlying issue, such as training and mentoring.
- *Challenge the status quo.* Charismatic leaders solve current problems by radically rethinking the way things are done and suggesting alternatives that are risky, novel, and unconventional.

Leader-Member Exchange (LMX) Theory

Leader-member exchange (LMX) theory proposes that the type of relationship leaders have with their followers (members of the organization) is the key to understanding how leaders influence employees. Leaders form different types of relationships with their employees. In high-quality LMX relationships, the leader forms a trust-based relationship with the member. The leader and member like each other, help each other when needed, and respect each other. In these relationships, the leader and the member are each ready to go above and beyond their job descriptions to promote the other's ability to succeed. In contrast, in low-quality LMX relationships, the leader and the member have lower levels of trust, liking, and respect toward each other. These relationships do not have to involve actively disliking each other, but the leader and member do not go beyond their formal job descriptions in their exchanges. In other words, the member does his job, the leader provides rewards and punishments, and the relationship does not involve high levels of loyalty or obligation toward each other (Dansereau, Graen, & Haga, 1975; Erdogan & Liden, 2002; Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998).

If you have work experience, you may have witnessed the different types of relationships managers form with their employees. In fact, many leaders end up developing differentiated relationships with their followers. Within the same work group, they may have in-group members who are close to them and out-group members who are more distant. If you have ever been in a high LMX relationship with your manager, you may attest to the advantages of the relationship. Research shows that high LMX members are more satisfied with their jobs, more committed to their companies, have higher levels of clarity about what is expected of them, and perform at a higher level (Gerstner & Day, 1997; Hui, Law, & Chen, 1999; Kraimer, Wayne, & Jaworski, 2001; Liden, Wayne, & Sparrowe, 2000; Settoon, Bennett, & Liden, 1996; Tierney, Farmer, & Graen, 1999; Wayne, Shore, & Liden, 1997). Employees' high levels of performance may not be a surprise, since they receive higher levels of resources and help from their managers, as well as more information and guidance. If they have questions,

these employees feel more comfortable seeking feedback or information (Chen, Lam, & Zhong, 2007). Because of all the help, support, and guidance they receive, employees who have a good relationship with the manager are in a better position to perform well. Given all they receive, these employees are motivated to reciprocate to the manager, and therefore they demonstrate higher levels of citizenship behaviours such as helping the leader and coworkers (Ilies, Nahrgang, & Morgeson, 2007). Being in a high LMX relationship is also advantageous because a high-quality relationship is a buffer against many stressors, such as being a misfit in a company, having personality traits that do not match job demands, and having unmet expectations (Bauer et al., 2006; Erdogan, Kraimer, & Liden, 2004; Major et al., 1995). The list of benefits high LMX employees receive is long, and it is not surprising that these employees are less likely to leave their jobs (Ferris, 1985; Graen, Liden, & Hoel, 1982).

The problem, of course, is that not all employees have a high-quality relationship with their leader, and those who are in the leader's out-group may suffer as a result. But how do you develop a high-quality relationship with your leader? It seems that this depends on many factors. Managers can help develop such a meaningful and trust-based relationship by treating their employees in a fair and dignified manner (Masterson et al., 2000). They can also test to see if the employee is trustworthy by delegating certain tasks when the employee first starts working with the manager (Bauer & Green, 1996). Employees also have an active role in developing the relationship. Employees can put forth effort into developing a good relationship by seeking feedback to improve their performance, being open to learning new things on the job, and engaging in political behaviours such as the use of flattery (Colella & Varma, 2001; Maslyn & Uhl-Bien, 2001; Janssen & Van Yperen, 2004; Wing, Xu & Snape, 2007). Interestingly, high performance does not seem to be enough to develop a high-quality exchange. Instead, interpersonal factors such as the similarity of personalities and a mutual liking and respect are more powerful influences over how the relationship develops (Engle & Lord, 1997; Liden, Wayne, & Stilwell, 1993; Wayne, Shore, & Liden, 1997). Finally, the relationship develops differently in different types of companies, and corporate culture matters in how leaders develop these relationships. In performance-oriented cultures, the relevant factor seems to be how the leader distributes rewards, whereas in people-oriented cultures, the leader treating people with dignity is more important (Erdogan, Liden, & Kraimer, 2006).



Self-Assessment: Rate Your LMX

Answer the following questions using 1 = not at all, 2 = somewhat, 3 = fully agree.

1. ____ I like my supervisor very much as a person.
2. ____ My supervisor is the kind of person one would like to have as a friend.
3. ____ My supervisor is a lot of fun to work with.
4. ____ My supervisor defends my work actions to a superior, even without complete knowledge of the issue in question.
5. ____ My supervisor would come to my defence if I were “attacked” by others.
6. ____ My supervisor would defend me to others in the organization if I made an honest mistake.
7. ____ I do work for my supervisor, who goes beyond what is specified in my job description.
8. ____ I am willing to apply extra efforts, beyond those normally required, to further the interests of my work group.
9. ____ I do not mind working my hardest for my supervisor.
10. ____ I am impressed with my supervisor’s knowledge of his or her job.
11. ____ I respect my supervisor’s knowledge of and competence on the job.
12. ____ I admire my supervisor’s professional skills.

Scoring:

Add your score for 1, 2, 3 = ____ . This is your score on the *Liking* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of liking. A score of 5 to 6 indicates an average LMX in terms of liking. A score of 7+ indicates a high LMX in terms of liking.

Add your score for 4, 5, 6 = ____ . This is your score on the *Loyalty* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of loyalty. A score of 5 to 6 indicates an average LMX in terms of loyalty. A score of 7+ indicates a high LMX in terms of loyalty.

Add your score for 7, 8, 9 = ____ . This is your score on the *Contribution* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of contribution. A score of 5 to 6 indicates an average LMX in terms of contribution. A score of 7+ indicates a high LMX in terms of contribution.

Add your score for 10, 11, 12 = ____ . This is your score on the *Professional Respect* factor of LMX.

A score of 3 to 4 indicates a low LMX in terms of professional respect. A score of 5 to 6 indicates an average LMX in terms of professional respect. A score of 7+ indicates a high LMX in terms of professional respect.

(Liden & Maslyn, 1998).

Should you worry if you do not have a high-quality relationship with your manager? One problem in a low-

quality exchange is that employees may not have access to the positive work environment available to high LMX members. Secondly, low LMX employees may feel that their situation is unfair. Even when their objective performance does not warrant it, those who have a good relationship with the leader tend to have positive performance appraisals (Duarte, Goodson, & Klich, 1994). Moreover, they are more likely to be given the benefit of the doubt. For example, when high LMX employees succeed, the manager is more likely to think that they succeeded because they put forth a lot of effort and had high abilities, whereas for low LMX members who perform objectively well, the manager is less likely to make the same attribution (Heneman, Greenberger, & Anonyuo, 1989). In other words, the leader may interpret the same situation differently, depending on which employee is involved, and may reward low LMX employees less despite equivalent performance. In short, those with a low-quality relationship with their leader may experience a work environment that may not be supportive or fair.

Despite its negative consequences, we cannot say that all employees want to have a high-quality relationship with their leader. Some employees may genuinely dislike the leader and may not value the rewards in the leader's possession. If the leader is not well-liked in the company and is known as abusive or unethical, being close to such a person may imply guilt by association. For employees who have no interest in advancing their careers in the current company (such as a student employee who is working in retail but has no interest in retail as a career), having a low-quality exchange may afford the opportunity to just do one's job without having to go above and beyond the job requirements. Finally, not all leaders are equally capable of influencing their employees by having a good relationship with them: It also depends on the power and influence of the leader in the company as a whole and how the leader is treated within the organization. Leaders who are more powerful will have more to share with their employees (Erdogan & Enders, 2007; Sparrowe & Liden, 2005; Tangirala, Green, & Ramanujam, 2007).

What LMX theory implies for leaders is that one way of influencing employees is through the types of relationships leaders form with their subordinates. These relationships develop naturally through the work-related and personal interactions between the manager and the employee. Because they occur naturally, some leaders may not be aware of the power that lies in them. These relationships have an important influence over employee attitudes and behaviours. In the worst case, they have the potential to create an environment characterized by favouritism and unfairness. Therefore, managers are advised to be aware of how they build these relationships: Put forth effort in cultivating these relationships consciously, be open to forming good relationships with people from all backgrounds, regardless of characteristics such as sex, race, age, or disability status, and prevent these relationships from leading to an unfair work environment.



OB Toolbox: Ideas for Improving Your Relationship With Your Manager

Having a good relationship with your manager may substantially increase your job satisfaction, improve your ability to communicate with your manager, and help you be successful in your job. Here are some tips for developing a high-quality exchange.

- *Create interaction opportunities with your manager.* One way of doing this would be seeking feedback from your manager with the intention of improving your performance. Be careful, though: If the manager believes that you are seeking feedback for a different purpose, it will not help.
- *People are more attracted to those who are similar to them.* So find out where your similarities lie. What does your manager like that you also like? Do you have similar working styles? Do you have any mutual experiences? Bringing up your commonalities in conversations may help.
- *Utilize impression management tactics, but be tactful.* If there are work-related areas in which you can sincerely compliment your manager, do so. For example, if your manager made a decision that you agree with, you may share your support. Most people, including managers, appreciate positive feedback. However, flattering your manager in non-work-related areas (such as appearance) or using flattery in an insincere way (praising an action you do not agree with) will only backfire and cause you to be labeled as a flatterer.
- *Be a reliable employee.* Managers need people they can trust. By performing at a high level, demonstrating predictable and consistent behaviour, and by volunteering for challenging assignments, you can prove your worth.
- *Be aware that relationships develop early* (as early as the first week of working together). So be careful how you behave during the interview and your very first days. If you rub your manager the wrong way early on, it will be harder to recover the relationship.

Sources: Based on information presented in Colella, A., & Varma, A. (2001). The impact of subordinate disability on leader-member exchange relationships. *Academy of Management Journal*, 44, 304–315; Liden, R. C., Wayne, S. J., & Stilwell, D. (1993). A longitudinal study on the early development of leader-member exchanges. *Journal of Applied Psychology*, 78, 662–674; Maslyn, J. M., & Uhl-Bien, M. (2001). Leader-member exchange and its dimensions: Effects of self-effort and Others's effort on relationship quality. *Journal of Applied Psychology*, 86, 697–708; Wing, L., Xu, H., & Snape, E. (2007). Feedback-seeking behaviour and leader-member exchange: Do supervisor-attributed motives matter? *Academy of Management Journal*, 50, 348–363.

Servant Leadership

Servant leadership is a leadership approach that defines the leader's role as serving the needs of others. According to this approach, the primary mission of the leader is to develop employees and help them reach their goals. Servant leaders put their employees first, understand their personal needs and desires, empower them, and help them develop in their careers. Unlike mainstream management approaches, the overriding objective in servant leadership is not limited to getting employees to contribute to organizational goals.

Instead, servant leaders feel an obligation to their employees, customers, and the external community. Employee happiness is seen as an end in itself, and servant leaders sometimes sacrifice their own well-being to help employees succeed. In addition to a clear focus on having a moral compass, servant leaders are also interested in serving the community. In other words, their efforts to help others are not restricted to company insiders, and they are genuinely concerned about the broader community surrounding their organization (Greenleaf, 1977; Liden et al., 2008). According to historian Doris Kearns Goodwin, Abraham Lincoln was a servant leader because of his balance of social conscience, empathy, and generosity (Goodwin, 2005).

Even though servant leadership has some overlap with other leadership approaches such as transformational leadership, its explicit focus on ethics, community development, and self-sacrifice is a distinct characteristic of this leadership style. Research shows that servant leadership has a positive impact on employee commitment, employee citizenship behaviours toward the community (such as participating in community volunteering), and job performance (Liden et al., 2008). Leaders who follow the servant leadership approach create a climate of fairness in their departments, which leads to higher levels of interpersonal helping behaviour (Ehrhart, 2004).



OB Toolbox: Be a Servant Leader

One of the influential leadership paradigms involves leaders putting others first. This could be a hard transition for an achievement-oriented and success-driven manager who rises to high levels. Here are some tips to achieve servant leadership.

- *Don't ask what your employees can do for you.* Think of what you can do for them. Your job as a leader is to be of service to them. How can you relieve their stress? Protect them from undue pressure? Pitch in to help them? Think about creative ways of helping ease their lives.
- *One of your key priorities should be to help employees reach their goals.* This involves getting to know them. Learn about who they are and what their values and priorities are.
- *Be humble.* You are not supposed to have all the answers and dictate to others. One way of achieving this humbleness may be to do volunteer work.
- *Be open with your employees.* Ask them questions. Give them information so that they understand what is going on in the company.
- *Find ways of helping the external community.* Giving employees opportunities to be involved in community volunteer projects or even thinking and strategizing about making a positive impact on the greater community would help.

(Buchanan, 2007; Douglas, 2005, March).

Authentic Leadership

Leaders have to be a lot of things to a lot of people. They operate within different structures, work with different types of people, and have to be adaptable. At times, it may seem that a leader's smartest strategy would be to act as a social chameleon, changing his or her style whenever doing so seems advantageous. But this would lose sight of the fact that effective leaders have to stay true to themselves. The authentic leadership approach embraces this value: Its key advice is "be yourself." Think about it: We all have different backgrounds,

different life experiences, and different role models. These trigger events over the course of our lifetime shape our values, preferences, and priorities. Instead of trying to fit into societal expectations about what a leader should be, act like, or look like, authentic leaders derive their strength from their own past experiences. Thus, one key characteristic of authentic leaders is that they are self-aware. They are introspective, understand where they are coming from, and have a thorough understanding of their own values and priorities. Secondly, they are not afraid to act the way they are. In other words, they have high levels of personal integrity. They say what they think. They behave in a way consistent with their values. As a result, they remain true to themselves. Instead of trying to imitate other great leaders, they find their own style in their personality and life experiences (Avolio & Gardner, 2005; Gardner et al., 2005; George, 2007; Ilies, Morgeson, & Nahrgang, 2005; Sparrowe, 2005).

Authentic leadership requires understanding oneself. Therefore, in addition to self-reflection, feedback from others is needed to gain a true understanding of one's behaviour and its impact on others. Authentic leadership is viewed as a potentially influential style because employees are more likely to trust such a leader. Moreover, working for an authentic leader is likely to lead to greater levels of satisfaction, performance, and overall well-being on the part of employees (Walumbwa et al., 2008).



Exercises

1. What are the characteristics of transformational leaders? Are transformational leaders more effective than transactional leaders?
2. What is charisma? What are the advantages and disadvantages of charismatic leadership? Should organizations look for charismatic leaders when selecting managers?
3. What are the differences (if any) between a leader having a high-quality exchange with employees and being friends with employees?
4. What does it mean to be a servant leader? Do you know any leaders whose style resembles that of a servant leader? What are the advantages of adopting such a leadership style?
5. What does it mean to be an authentic leader? How would such a style be developed?
6. From the lens of the golf and club industry, with such a focus on hospitality, what would be the best leadership style/approach from what you learned in this chapter?

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12.4 The Role of Leadership Ethics



Learning Objectives

1. Consider the role of leadership for ethical behaviour.

Leadership and Ethics

As some organizations suffer the consequences of ethical crises that put them out of business or damage their reputations, the role of leadership as a driver of ethical behaviour is receiving a lot of scholarly attention as well as acknowledgement in the popular press. Ethical decisions are complex and, even to people who are motivated to do the right thing, the moral component of a decision may not be obvious. Therefore, employees often look to role models, influential people, and their managers for guidance on how to behave.

Unfortunately, research shows that people tend to follow leaders or other authority figures even when doing so can put others at risk. The famous Milgram experiments support this point. Milgram conducted experiments in which experimental subjects were greeted by someone in a lab coat and asked to administer electric shocks to other people who gave the wrong answer in a learning task. In fact, the shocks were not real, and the learners were actors who expressed pain when shocks were administered. Around two-thirds of the experimental subjects went along with the requests and administered the shocks even after they reached what the subjects thought were dangerous levels. In other words, people in positions of authority are influential in driving others to ethical or unethical behaviours (Milgram, 1974; Trevino & Brown, 2004).

It seems that when evaluating whether someone is an effective leader, subordinates pay attention to the level of ethical behaviour the leader demonstrates. In fact, one study indicated that the perception of being ethical explained 10% of the variance in whether an individual was also perceived as a leader. The level of ethical leadership was related to job satisfaction, dedication to the leader, and a willingness to report job-related problems to the leader (Brown, Trevino, & Harrison, 2005; Morgan, 1993).

Leaders influence the level of ethical behaviours demonstrated in a company by setting the tone of the organizational climate. Leaders who have high levels of moral development create a more ethical organizational climate (Schminke, Ambrose, & Neubaum, 2005). By acting as a role model for ethical behaviour, rewarding ethical behaviours, publicly punishing unethical behaviours, and setting high expectations for the level of ethics, leaders play a key role in encouraging ethical behaviours in the workplace.

The more contemporary leadership approaches are more explicit in their recognition that ethics is an important part of effective leadership. Servant leadership emphasizes the importance of a large group of stakeholders, including the external community surrounding a business. On the other hand, authentic leaders have a moral compass; they know what is right and what is wrong, and they have the courage to follow their convictions. Research shows that transformational leaders tend to have higher levels of moral reasoning, even though it is not part of the transformational leadership theory (Turner et al., 2002). It seems that ethical behaviour is more likely to happen when (a) leaders are ethical themselves, and (b) they create an organizational climate in which employees understand that ethical behaviours are desired, valued, and expected.



Exercises

1. What is the connection between leadership and ethical behaviours?
2. Do you believe that ethical leaders are more successful in organizations?

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12.5 Chapter Summary

In this chapter, we have reviewed the most influential leadership theories. Trait approaches identify the characteristics required to be perceived as a leader and to be successful in the role. Intelligence, extraversion, conscientiousness, openness to experience, and integrity seem to be leadership traits. Behavioural approaches identify the types of behaviours leaders demonstrate. Both trait and behavioural approaches suffered from a failure to pay attention to the context in which leadership occurs, which led to the development of contingency approaches. Recently, ethics became an explicit focus of leadership theories such as servant leadership and authentic leadership. It seems that being conscious of one's style and making sure that leaders demonstrate the behaviours that address employee, organizational, and stakeholder needs are important and require flexibility on the part of leaders.



Ethical Dilemma

You are currently a golf course manager, and Jim is your “trusted assistant.” You have very similar working styles, and you went to the same college and worked in the industry for several years. Before working at this golf course, you both worked at a different facility, and you have this shared history with him. You can trust him to come to your aid, support you in your decisions, and be loyal to you. Because of your trust in him, you do not supervise his work closely, and you give him a lot of leeway in how he structures his work. He sometimes chooses to work from home, and he has flexibility in his work hours, which is unusual in the industry.



Photo by [Jack Borno](#), CC BY SA 3.0

Now you have decided to promote him to be the clubhouse manager. However, when you shared this opinion with others in the clubhouse, you realized that this could be a problem. Apparently, Jim is not liked by his colleagues in the clubhouse and is known as an “impression manager – someone who actively or passively influences how others perceive them or a situation.” Others view him as a slacker when you are not around, and the fact that he gets the first pick in schedules and gets the choice work assignments causes a lot of frustration on the part of others. They feel that you are playing favourites.

Discussion Questions:

1. What would you do?
2. Would you still promote him?
3. How would you address this unpleasant situation within your department?



Individual Exercise

Ideas for Developing Yourself as an Authentic Leader

Authentic leaders have high levels of self-awareness, and their behaviour is driven by their core personal values. This leadership approach recognizes the importance of self-reflection and understanding one's life history. Answer the following questions while you are alone to gain a better understanding of your own core values and authentic leadership style.

- Understand Your History
 - *Review your life history.* What are the major events in your life? How did these events make you the person you are right now?
 - *Think about your role models.* Who were your role models as you were growing up? What did you learn from your role models?
- Take Stock of Who You Are Now
 - *Describe your personality.* How does your personality affect your life?
 - *Know your strengths and weaknesses.* What are they, and how can you continue to improve yourself?
- Reflect on Your Successes and Challenges
 - *Keep a journal.* Research shows that journaling is an effective tool for self-reflection. Write down the challenges you face and the solutions you used to check your progress.
- Make Integrity a Priority
 - *Understand your core values.* What are your core values? Name three of your most important values.
 - *Do an ethics check.* Are you being consistent with your core values? If not, how can you get back on track?
- Understand the Power of Words
 - *Words shape reality.* Keep in mind that the words you use to describe people and situations matter. For example, how might the daily reality be different if you refer to those you manage as associates or team members rather than employees or subordinates?

In view of your answers to the questions above, what kind of a leader would you be if you truly acted out your values? How would people working with you respond to such a leadership style?



Group Exercise

You are charged with hiring a manager for the golf course restaurant. The operations are highly standardized, and employees have very specific job descriptions. The person will be in charge of managing around 30 employees. There is a high degree of turnover among employees, so retention will be an important priority. Most employees who work in the restaurant are young with low levels of work experience, and few of them view the restaurant business as a full-time career. The atmosphere in the restaurant has a fast pace. In this most department, managers are often promoted from within, and this position is an exception. Therefore, the incoming manager may not expect a warm welcome from employees who were passed over for a promotion, as well as their colleagues. Finally, the positional power of the manager will be somewhat limited because employees are unionized. Therefore, the manager will have limited opportunities for distributing pay raises or bonuses.

Discussion Questions

1. Identify the leadership traits and behaviours that are desirable for this position.
2. Design an approach to selecting this person. Which methods of employee selection would you use? Why?
3. Develop interview questions to be used in hiring this manager. Your questions should be aimed at predicting the leadership capabilities of the person in question.

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CHAPTER 13: POWER AND POLITICS

Chapter Overview

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13.0 The Basics of Power



Learning Objectives

1. Define *power*.
2. Explain how power can have both positive and negative consequences.
3. List different sources of power.
4. Discuss the relationship between dependency and power.

What Is Power?

We'll look at the aspects and nuances of power in more detail in this chapter, but simply put, power is the ability to influence the behaviour of others to get what you want. Gerald Salancik and Jeffrey Pfeffer concur, noting, "Power is simply the ability to get things done the way one wants them to be done" (Salancik & Pfeffer, 1989). If you want a larger budget to open a new store in a large city and you get the budget increase, you have used your power to influence the decision.

Power distribution is usually visible within organizations. For example, Salancik and Pfeffer gathered information from a company with 21 department managers and asked 10 of those department heads to rank all the managers according to the influence each person had in the organization. Although ranking 21 managers might seem like a difficult task, all the managers were immediately able to create that list. When Salancik and Pfeffer compared the rankings, they found virtually no disagreement in how the top 5 and bottom 5 managers were ranked. The only slight differences came from individuals ranking themselves higher than their colleagues ranked them. The same findings held true for factories, banks, and universities.

Positive and Negative Consequences of Power

- *Positive Power* is the ability to align and motivate members of the organization towards goals and to make a positive difference in other people's lives
- *Negative Power* can be intoxicating to those who hold it, leading to corruption. This may be abused due to conformity

Conformity

Conformity refers to people's tendencies to behave consistently with social norms. Conformity can refer to small things, such as how people tend to face forward in an elevator. There's no rule listed in the elevator saying which way to face, yet it is expected that everyone will face forward. To test this, the next time you're in an elevator with strangers, simply stand facing the back of the elevator without saying anything. You may notice that those around you become uncomfortable. Conformity can result in engaging in unethical behaviours because you are led by someone you admire and respect who has power over you. People

conform because they want to fit in with and please those around them. There is also a tendency to look to others in ambiguous situations, which can lead to conformity. The response to “Why did you do that?” being “Because everyone else was doing it” sums up this tendency.

So, does conformity occur only in rare or extreme circumstances? Actually, this is not the case. Three classic sets of studies illustrate how important it is to create checks and balances to help individuals resist the tendency to conform or to abuse authority. To illustrate this, we will examine findings from the Milgram (1974), Asch(1952), and Zimbardo (n.d.) studies.

The Relationship Between Dependency and Power

Dependency

Dependency is directly related to power. The more that a person or unit is dependent on you, the more power you have. The strategic contingencies model provides a good description of how dependency works. According to the model, dependency is power that a person or unit gains from their ability to handle actual or potential problems facing the organization (Saunders, 1990). You know how dependent you are on someone when you answer three key questions that are addressed in the following sections.

Scarcity

In the context of dependency, scarcity refers to the uniqueness of a resource. The more difficult something is to obtain, the more valuable it tends to be. Effective persuaders exploit this reality by making an opportunity or offer seem more attractive because it is limited or exclusive. They might convince you to take on a project because “it’s rare to get a chance to work on a new project like this,” or “You have to sign on today because if you don’t, I have to offer it to someone else.”

Importance

Importance refers to the value of the resource. The key question here is “How important is this?” If the resources or skills you control are vital to the organization, you will gain some power. The more vital the resources that you control are, the more power you will have. For example, if Maggie works in the admin office of the golf course and is the only person who knows how to fill out reimbursement forms, it is important that you are able to work with her, because getting paid back for business expenses is important to most of us.

Substitutability

Substitutability refers to one's ability to find another option that works as well as the one offered. The question around whether something is substitutable is "How difficult would it be for me to find another way to do this?" The harder it is to find a substitute, the more dependent the person becomes and the more power someone else has over them. If you are the only person who knows how to make a piece of equipment work, you will be very powerful in the organization. This is true unless another piece of equipment is brought in to serve the same function. At that point, your power would diminish.

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13.1 The Power to Influence



Learning Objectives

1. Identify the five sources of power.
2. Explain influence tactics.
3. Discuss impression management.
4. Examine the impact of the direction of influence attempts.

Bases of Power

Having power and using power are two different things. For example, imagine a manager who has the power to reward or punish employees. When the manager makes a request, he or she will probably be obeyed even though the manager does not actually reward the employee. The fact that the manager has the ability to give rewards and punishments will be enough for employees to follow the request. What are the sources of one's power over others? Researchers identified six sources of power, which include legitimate, reward, coercive, expert, information, and referent (French & Raven, 1960). You might earn power from one source or all six, depending on the situation.

Legitimate Power

Legitimate power is power that comes from one's organizational role or position. For example, a boss can assign projects, a policeman can arrest a citizen, and a teacher can assign grades. Others comply with the requests these individuals make because they accept the legitimacy of the position, whether they like or agree with the request or not.

Reward Power

Reward power is the ability to grant a reward, such as an increase in pay, a perk, or an attractive job assignment. Reward power tends to accompany legitimate power and is highest when the reward is scarce. Anyone can wield reward power, however, in the form of public praise or giving someone something in exchange for their compliance.

Coercive Power

In contrast, coercive power is the ability to take something away or punish someone for noncompliance. Coercive power often works through fear, and it forces people to do something that ordinarily they would not choose to do. The most extreme example of coercion is government dictators who threaten physical harm for noncompliance. Parents may also use coercion, such as grounding their child, as punishment for noncompliance.

Expert Power

Expert power comes from knowledge and skill. Experienced General Managers have expert power from their ability to know what customers want, even before they can articulate it. Others who have expert power in an organization include long-time employees, such as a turf worker who knows the length of time it takes to cut all 18 greens or irrigate the entire golf course. Technology companies like “Tee-On Golf Systems” are often characterized by expert, rather than legitimate power.

Information Power

Information power is similar to expert power but differs in its source. Experts tend to have a vast amount of knowledge or skill, whereas information power is distinguished by *access* to specific information. For example, knowing price information gives a person information power during negotiations. Within organizations, a person’s social network can either isolate them from information power or serve to create it. As we will see later in this chapter, those who are able to span boundaries and serve to connect different parts of the organization often have a great deal of information power.

Referent Power

Referent power stems from the personal characteristics of the person, such as the degree to which we like, respect, and want to be like them. Referent power is often called charisma, the ability to attract others, win their admiration, and hold them spellbound.

What Is Influence?

Starting at infancy, we all try to get others to do what we want. We learn early what works in getting us to our

goals. Instead of crying and throwing a tantrum, we may figure out that smiling and using language causes everyone less stress and brings us the rewards we seek.

By the time you hit the workplace, you will have had vast experience with influence techniques. You have probably picked out a few that you use most often. To be effective in a wide number of situations, however, it's best to expand your repertoire of skills and become competent in several techniques, knowing how and when to use them as well as understanding when they are being used on you. If you watch someone who is good at influencing others, you will most probably observe that person switching tactics depending on the context. The more tactics you have at your disposal, the more likely it is that you will achieve your influence goals.



OB Toolbox: Self-Assessment

Do You Have the Characteristics of Powerful Influencers?

People who are considered to be skilled influencers share the following attributes.

How often do you engage in them? 0 = never, 1 = sometimes, 2 = always.

- present information that can be checked for accuracy
- provide a consistent message that does not change from situation to situation
- display authority and enthusiasm (often described as charisma)
- offer something in return for compliance
- act likable
- show empathy through listening
- show you are aware of circumstances, others, and yourself
- plan ahead

If you scored 0–6: You do not engage in much effective influencing behaviour. Think of ways to enhance this skill. A great place to start is to recognize the items on the list above and think about ways to enhance them for yourself.

If you scored 7–12: You engage in some influencing behaviour. Consider the context of each of these influence attempts to see if you should be using more or less of it depending on your overall goals.

If you scored 13–16: You have a great deal of influence potential. Be careful that you are not manipulating others and that you are using your influence when it is important rather than just to get your own way.

Commonly Used Influence Tactics

Researchers have identified distinct influence tactics and discovered that there are few differences between the way bosses, subordinates, and peers use them, which we will discuss at greater depth later on in this chapter. We will focus on nine influence tactics. Responses to influence attempts include resistance, compliance, or commitment. Resistance occurs when the influence target does not wish to comply with the request and either passively or actively repels the influence attempt. Compliance occurs when the target does not necessarily want to obey, but they do. Commitment occurs when the target not only agrees to the request

but also actively supports it as well. Within organizations, commitment helps to get things done, because others can help to keep initiatives alive long after compliant changes have been made or resistance has been overcome.

1. **Rational persuasion** includes using facts, data, and logical arguments to try to convince others that your point of view is the best alternative. This is the most commonly applied influence tactic.
2. **Inspirational appeals** seek to tap into our values, emotions, and beliefs to gain support for a request or course of action. Effective inspirational appeals are authentic, personal, big-thinking, and enthusiastic.
3. **Consultation** refers to the influence agent's asking others for help in directly influencing or planning to influence another person or group. Consultation is most effective in organizations and cultures that value democratic decision making.
4. **Ingratiation** refers to different forms of making others feel good about themselves. Ingratiation includes any form of flattery done either before or during the influence attempt. Research shows that ingratiation can affect individuals. For example, in a study of résumés, those résumés that were accompanied by a cover letter containing ingratiating information were rated higher than résumés without this information. Other than the cover letter accompanying them, the résumés were identical (Varma, Toh, & Pichler, 2006). Effective ingratiation is honest, infrequent, and well-intended.
5. **Personal appeal** refers to helping another person because you like them and they asked for your help. We enjoy saying yes to people we know and like. A famous psychological experiment showed that in dorms, the most well-liked people were those who lived by the stairwell—they were the most often seen by others who entered and left the hallway. The repeated contact brought a level of familiarity and comfort. Therefore, personal appeals are most effective with people who know and like you.
6. **Exchange** refers to give-and-take in which someone does something for you, and you do something for them in return. The rule of reciprocity says that “we should try to repay, in kind, what another person has provided us” (Cialdini, 2000). The application of the rule obliges us and makes us indebted to the giver. One experiment illustrates how a small initial gift can open people to a substantially larger request at a later time.
7. **Coalition tactics** refer to a group of individuals working together toward a common goal to influence others. Common examples of coalitions within organizations are unions that may threaten to strike if their demands are not met. Coalitions also take advantage of peer pressure. The influencer tries to build a case by bringing in the unseen as allies to convince someone to think, feel, or do something. This tactic is also extremely popular among advertisers and businesses that use client lists to promote their goods and services. The fact that a client bought from the company is a silent testimonial.
8. **Pressure** refers to exerting undue influence on someone to do what you want, or else something undesirable will occur. This often includes threats and frequent interactions until the target agrees. Research shows that managers with low referent power tend to use pressure tactics more frequently than those with higher referent power (Yukl, Kim, & Falbe, 1996). Pressure tactics are most effective when used in a crisis situation and when they come from someone who has the other's best interests in mind, such as getting an employee to an employee assistance program to deal with a substance abuse problem.
9. **Legitimizing tactics** occur when the appeal is based on legitimate or positional power. “By the power vested in me...”: This tactic relies upon compliance with rules, laws, and regulations. It is not intended to motivate people but to align them behind a direction. Obedience to authority is filled with both positive and negative images. Position, title, knowledge, experience, and demeanour grant authority, and it is easy to see how it can be abused. If someone hides behind people's rightful authority to assert themselves, it can seem heavy-handed and without choice. You must come across as an authority figure by the way you act, speak, and look. Think about the number of commercials with doctors, lawyers, and other professionals who look and sound the part, even if they are actors. People want to be convinced that the person is an authority worth heeding. Authority is often used as a last resort. If it does not work, you will

not have much else to draw from in your goal to persuade someone.

Impression Management

Impression management means actively shaping the way you are perceived by others. You can do this through your choice of clothing, the photos you use to represent yourself online, the descriptions of yourself on a résumé or in an online profile (ie. Facebook, Instagram or LinkedIn), and so forth. By using impression management strategies, you control information that makes others see you in the way you want to be seen. Consider when you are “being yourself” with your friends or with your family—you probably act differently around your best friend than around your mother (Dunn & Forrin, 2005).

On the job, the most effective approach to impression management is to do two things at once—build credibility and maintain authenticity. As Harvard Business School Professor Laura Morgan Roberts puts it, “When you present yourself in a manner that is both true to self and valued and believed by others, impression management can yield a host of favourable outcomes for you, your team, and your organization” (as cited in Stark, 2005).

There may be aspects of your “true self” that you choose not to disclose at work, although you would disclose them to your close friends. That kind of impression management may help to achieve group cohesiveness and meet professional expectations. But if you try to win social approval at work by being too different from your true self—contradicting your personal values—you might feel psychological distress.

It's important to keep in mind that whether you're actively managing your professional image or not, your coworkers are forming impressions of you. They watch your behaviour and draw conclusions about the kind of person you are, whether you'll keep your word, whether you'll stay to finish a task, and how you'll react in a difficult situation.

Since people are forming these theories about you no matter what, you should take charge of managing their impressions of you. To do this, ask yourself how you want to be seen. What qualities or character traits do you want to convey? Perhaps it's a can-do attitude, an ability to mediate, an ability to make a decision, or an ability to dig into details to thoroughly understand and solve a problem.

Then, ask yourself what the professional expectations are of you and what aspects of your social identity you want to emphasize or minimize in your interactions with others. If you want to be seen as a leader, you might disclose how you organized an event. If you want to be seen as a caring person in whom people can confide, you might disclose that you're a volunteer on a crisis helpline. You can use a variety of impression management strategies to accomplish the outcomes you want.

Here are the three main categories of strategies and examples of each:

- **Nonverbal impression management** includes the clothes you choose to wear and your demeanour. For example, back shop employees in proper uniform, working hard to happily assist members and guests.
- **Verbal impression management** includes your tone of voice, rate of speech, what you choose to say and how you say it. We know that 38% of the comprehension of verbal communication comes from these cues. Managing how you project yourself in this way can alter the impression that others have of you. For example, if your voice has a high pitch and it is shaky, others may assume that you are nervous or unsure of yourself.
- **Behaviour impression management** includes how you perform on the job and how you interact with others. Complimenting your boss is an example of a behaviour that would indicate impression management. Other impression management behaviours include conforming, making excuses,



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apologizing, promoting your skills, doing favors, and making desirable associations known. Impression management has been shown to be related to higher performance ratings by increasing liking, perceived similarity, and network centrality (Barsness, Diekmann, & Seidel, 2005; Wayne & Liden, 1995).

Direction of Influence

The type of influence tactic used tends to vary based on the target. For example, you would probably use different influence tactics with your boss than you would with a peer or with employees working under you.

Upward Influence

Upward influence, as its name implies, is the ability to influence your boss and others in positions higher than yours. Upward influence may include appealing to a higher authority or citing the firm's goals as an overarching reason for others to follow your cause. Upward influence can also take the form of an alliance with a higher-status person (or with the perception that there is such an alliance) (Farmer & Maslyn, 1999; Farmer et al., 1997). As complexity grows, the need for this upward influence grows as well—the ability of one person at the top to know enough to make all the decisions becomes less likely. Moreover, even if someone did know enough, the sheer ability to make all the needed decisions fast enough is no longer possible. This limitation means that individuals at all levels of the organization need to be able to make and influence decisions. By helping higher-ups be more effective, employees can gain more power for themselves and their unit as well. On the flip side, allowing yourself to be influenced by those reporting to you may build your credibility and power as a leader who listens. Then, during a time when you do need to take unilateral, decisive action, others will be more likely to give you the benefit of the doubt and follow.

Downward Influence

Downward influence is the ability to influence employees lower than you. This is best achieved through an inspiring vision. By articulating a clear vision, you help people see the end goal and move toward it. You often don't need to specify exactly what needs to be done to get there—people will be able to figure it out on their own. An inspiring vision builds buy-in and gets people moving in the same direction.

Peer Influence

Peer influence occurs all the time. But, to be effective within organizations, peers need to be willing to influence each other without being destructively competitive (Cohen & Bradford, 2002). There are times to support each other and times to challenge—the end goal is to create better decisions and results for the organization and to hold each other accountable.

OB Toolbox: Getting Comfortable With Power

Now that you've learned a great deal about power and influence within organizations, consider asking yourself how comfortable you are with the three statements below:

- Are you comfortable saying, "I want to be powerful" to yourself? Why or why not?
- Are you comfortable saying, "I want to be powerful" to someone else? Why or why not?
- Are you comfortable having someone say, "You are powerful" to you? Why or why not?

Discomfort with power reduces your power. Experts know that leaders need to feel comfortable with power. Those who feel uncomfortable with power send those signals out unconsciously. If you feel uncomfortable with power, consider putting the statement in a shared positive light by saying, "I want to be powerful so that we can accomplish this goal."



Exercises

1. Which of the six bases of power do you usually draw upon? Which do you use the least of at this time?
2. Distinguish between coercive and reward power. How can these tactics be used in the Golf and Club industry?
3. Why do you think rational persuasion is the most frequently utilized influence tactic?
4. Give an example of someone you've tried to influence lately. Was it an upward, downward, or lateral influence attempt?

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13.2 Organizational Politics



Learning Objectives

1. Define organizational politics.
2. Examine political behaviour within organizations.

Organizational Politics

Politics has been around for millennia. Aristotle wrote that politics stems from a diversity of interests, and those competing interests must be resolved in some way. “Rational” decision making alone may not work when interests are fundamentally incongruent, so political behaviours and influence tactics arise.

Today, work in organizations requires skill in handling conflicting agendas and shifting power bases. Effective politics isn’t about winning at all costs but about maintaining relationships while achieving results. Although often portrayed negatively, organizational politics are not inherently bad. Instead, it’s important to be aware of the potentially destructive aspects of organizational politics in order to minimize their negative effect. Of course, individuals within organizations can waste time overly engaging in political behaviour. Research reported in *HR Magazine* found that managers waste 20% of their time managing politics. However, as John Kotter wrote in *Power and Influence*, “Without political awareness and skill, we face the inevitable prospect of becoming immersed in bureaucratic infighting, parochial politics and destructive power struggles, which greatly retard organizational initiative, innovation, morale, and performance” (Kotter, 1985).

In our discussion about power, we saw that power issues often arise around scarce resources. Organizations typically have limited resources that must be allocated in some way. Individuals and groups within the organization may disagree about how those resources should be allocated, so they may naturally seek to gain those resources for themselves or for their interest groups, which gives rise to organizational politics. Simply put, with organizational politics, individuals ally themselves with like-minded others in an attempt to win scarce resources. They’ll engage in behaviour typically seen in government organizations, such as bargaining, negotiating, alliance building, and resolving conflicting interests.

Politics is a part of organizational life because organizations are made up of different interests that need to be aligned. In fact, 93% of managers surveyed reported that workplace politics exist in their organization, and 70% felt that in order to be successful, a person has to engage in politics (Gandz & Murray, 1980). In the negative light, saying that someone is “political” generally stirs up images of back-room dealing, manipulation, or hidden agendas for personal gain. A person engaging in these types of political behaviours is said to be engaging in self-serving behaviour that is not sanctioned by the organization (Ferris et al., 1996; Valle & Perrewe, 2000; Harris, James, & Boonthanom, 2005; Randall et al., 1999).

Examples of these self-serving behaviours include bypassing the chain of command to get approval for a special project, going through improper channels to obtain special favours, or lobbying high-level managers just before they make a promotion decision. These types of actions undermine fairness in the organization because not everyone engages in politicking to meet their own objectives. Those who follow proper

procedures often feel jealous and resentful because they perceive unfair distributions of the organization's resources, including rewards and recognition (Parker, Dipboye, & Jackson, 1995).

Researchers have found that if employees think their organization is overly driven by politics, the employees are less committed to the organization (Maslyn & Fedor, 1998; Nye & Wit, 1993), have lower job satisfaction (Ferris et al., 1996; Hochwarter et al., 2003; Kacmar et al., 1999), perform worse on the job (Anderson, 1994), have higher levels of job anxiety (Ferris et al., 1996; Kacmar & Ferris, 1989), and have a higher incidence of depressed mood (Byrne et al., 2005).

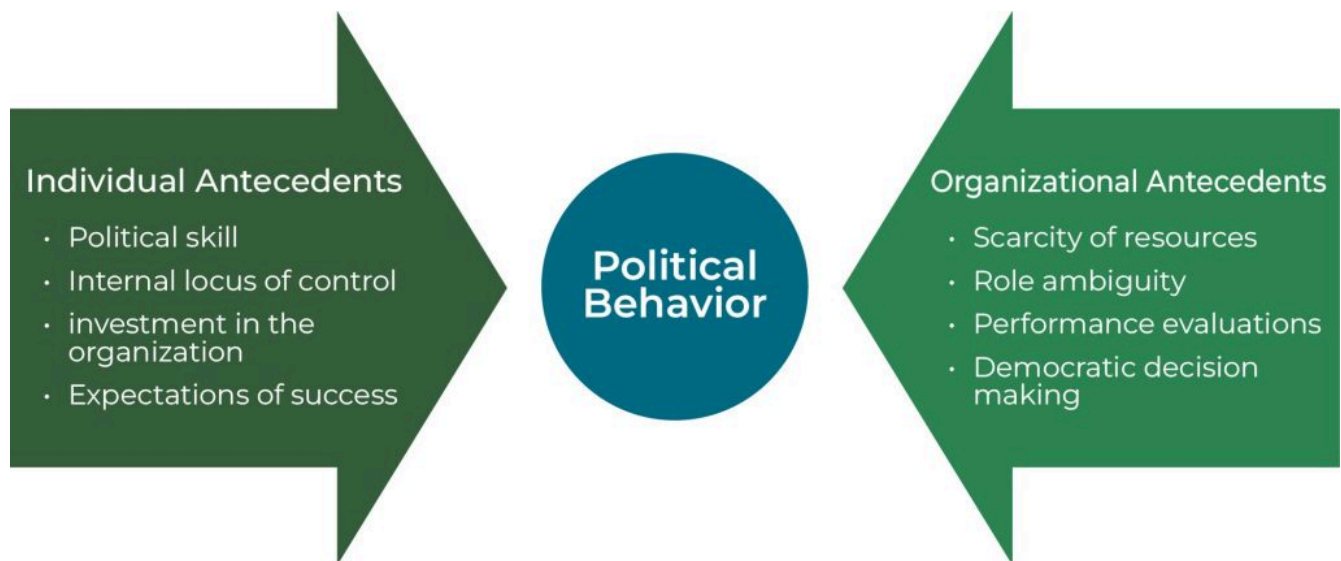
The negative side of organizational politics is more likely to flare up in times of organizational change or when there are difficult decisions to be made and a scarcity of resources that breeds competition among organizational groups. To minimize overly political behaviour, company leaders can provide equal access to information, model collaborative behaviour, and demonstrate that political maneuvering will not be rewarded or tolerated. Furthermore, leaders should encourage managers throughout the organization to provide high levels of feedback to employees about their performance. High levels of feedback reduce the perception of organizational politics and improve employee morale and work performance (Rosen, Levy, & Hall, 2006). Remember that politics can be a healthy way to get things done within organizations.

Antecedents of Political Behaviour

Individual Antecedents

There are a number of potential individual antecedents of political behaviour. We will start off by understanding the role that personality has in shaping whether someone will engage in political behaviour.

Political skill refers to people's interpersonal style, including their ability to relate well to others, self-monitor, alter their reactions depending upon the situation they are in, and inspire confidence and trust (Ferris et al., 2000). Researchers have found that individuals who are high on political skill are more effective at their jobs or at least in influencing their supervisors' performance ratings of them (Ferris, Fedor, & King, 1994; Kilduff & Day, 1994). Individuals who are high in *internal locus of control* believe that they can make a difference in organizational outcomes. They do not leave things to fate. Therefore, we would expect those high in internal locus of control to engage in more political behaviour. Research shows that these individuals perceive politics around them to a greater degree (Valle & Perrewé, 2000). *Investment in the organization* is also related to political behaviour. If a person is highly invested in an organization, either financially or emotionally, they will be more likely to engage in political behaviour because they care deeply about the fate of the organization. Finally, *expectations of success* also matter. When a person expects that they will be successful in changing an outcome, they are more likely to engage in political behaviour. Think about it: If you know there is no chance that you can influence an outcome, why would you spend your valuable time and resources working to effect change? You wouldn't. Over time, you'd learn to live with the outcomes rather than trying to change them (Bandura, 1996).



Organizational Antecedents

Scarcity of resources breeds politics. When resources such as monetary incentives or promotions are limited, people see the organization as more political. Any type of ambiguity can relate to greater organizational politics. For example, *role ambiguity* allows individuals to negotiate and redefine their roles. This freedom can become a political process. Research shows that when people do not feel clear about their job responsibilities, they perceive the organization as more political (Muhammad, 2007). Ambiguity also exists around *performance evaluations* and *promotions*. These human resource practices can lead to greater political behaviour, such as impression management, throughout the organization. As you might imagine, *democratic decision making* leads to more political behaviour. Since many people have a say in the process of making decisions, there are more people available to be influenced.



OB Toolbox: Overcoming Ineffective Politics

Author and consultant Patrick Lencioni recommends the following four steps for overcoming ineffective politics due to turf wars. When members of the organization are more concerned about their own area of operations than doing what's best for the entire organization, in the long run, you may have a problem with turf wars. Taking these four steps can help overcome this situation:

1. *Create a thematic goal.* The goal should be something that everyone in the organization can believe in, such as, for a hospital, giving the best care to all patients. This goal should be a single goal, qualitative, time-bound, and shared.
2. *Create a set of defining objectives.* This step should include objectives that everyone agrees will help bring the thematic goal to fruition.
3. *Create a set of ongoing standard operating objectives.* This process should be done within each area so that the best operating standards are developed. These objectives should also be shared across the organization so everyone is aware of them.
4. *Create metrics to measure them.* Measuring whether the standard operating objectives get done is a vital step in the process. Rather than someone else pointing out what isn't working, all the people within the department will have the information necessary to come to this conclusion and correct the problem, because ultimately, everyone in the organization cares about achieving the thematic goal.

(Lencioni, 2006).



Exercises

1. Do you think politics are a positive or negative thing for organizations? Why?
2. Describe an example of a negative outcome due to politics.
3. Describe an example of a positive outcome due to politics.
4. Can you think of additional individual or organizational antecedents of political behaviour?
5. What political behaviours have you observed within school groups or your workplace (ie golf course)? Were they successful? Why or why not?

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13.3 Understanding Social Networks



Learning Objectives

1. Define social networks.
2. Describe social network analysis.

Social Networks

We've seen that power comes from many sources. One major source relates to who you know and how much access you have to information within your organization. Social networks are visual maps of relationships between individuals. They are vital parts of organizational life, as well as important when you are first looking for a job. For example, if you are interested in being hired by The London Hunt & Country Club, you might call upon your social network—the network of people you know—to find the people who can help you accomplish this task. You might ask your network if they know anyone at The London Hunt & Country Club. If you did so, the people you'd call on aren't just your friends and family—they're part of your informal network. In fact, research finds that 75% to 95% of all jobs are never formally advertised but are filled through such social networks (Hansen, 2008).

Much of the work that gets done in organizations is done through informal networks as well. Networks serve three important functions. First, they deliver private information. Second, they allow individuals to gain access to diverse skill sets. Third, they can help create power.

Organizations can conduct a social network analysis (SNA), a systematic effort to examine the structure of social relationships in a group. Their purpose is to uncover the informal connections between people. SNA dates back to 1934 when Joseph Moreno introduced the tools of sociometry. More recently, the advent of computers has made SNA possible on large networks. In the past decade, SNA has become widely used across fields.

Conducting SNA

SNA can be conducted either directly or indirectly. The indirect way is to analyze e-mails between people. For example, which employees e-mail each other? How often? Who replies to whom? Another technique is to observe a group in action to see which employees talk to each other and who approaches whom for what. Additionally, nonintrusive options are to look at project structures of billable hours, such as determining which individuals regularly work together. Direct approaches to SNA involve doing a survey that asks questions directly (Cross et al., 2001). For example, the survey might ask individuals, "Who would you go to for technical information? Who can you rely on to give you the pulse of the company? Who do you trust to keep your best interests in mind?" SNA can reveal who is trusted, important in decision making (that is, to whom do people turn for advice before making an important decision?), and innovative ("With whom are you most likely to

discuss a new idea?”). The direct approach is likely to be more targeted, but some people may see it as an unwanted intrusion.

Analyzing Network Ties and Key Network Roles

Once the data is collected, SNA software is used to create the maps for analysis. The maps draw incoming and outgoing arrows between people to show the number of ties coming into a person (contacts that the person receives) and the number of ties outgoing (contacts that the person initiates). There are three key roles in a network. Central connectors are people linked to the greatest number of people. Boundary spanners are people who connect one network to another within the company or even across organizations. Peripheral specialists have special expertise that can be drawn upon, even though they often work independently of the group.

Analysis: Strong and Weak Ties

You can recognize the strength of ties between people by counting the frequency of ties. The more interactions people have, the stronger the ties those individuals have with each other. Strong ties often indicate emotional support, not just informational support, between people. Ties that are reciprocated tend to be stronger as well. Weak ties are characterized by less frequent interaction and often do not have as much emotional attachment, but they are also easier to maintain, and therefore, people can have more of them. Weak ties are particularly useful for innovation because people who are good friends tend to see the same information, whereas people who are merely acquaintances are likely to be exposed to different information. Thus, a casual encounter may spark that creative idea. Social networks tend to be informal, but by doing an SNA, the company can harness their power to help improve communication throughout the company (such as by making sure people have the information to share) and to help generate and spread innovation (by giving information to the boundary-spanning people who will pass it on beyond their work group). Social networks serve to promote collaboration, improve new product development, and respond to emergencies or unusual circumstances quickly (Cross, Liedtka, & Weiss, 2005).

Social networks connect people with others. Consider networking websites such as Facebook or LinkedIn, where being connected with many people makes you more visible. In business, the more central you are, the more power you will have. The closer you are to more people, the more powerful you are (Cross, Parker, & Cross, 2004). If you are the person whom many people link to and you serve as a node between people, you have brokering power—you can introduce people to each other. People high on this “betweenness” are also in a position to withhold information from one person to the next, which can happen during power plays. You also have a greater number of people to call on when you need something, which makes you less dependent on any one person. The more ties you have that are incoming (toward you), the more trusted you are.

Social network analysis shows who communicates with whom, who knows whom, and where gaps in communication or collaboration may exist. After conducting a network analysis, organizations can take actions to modify people's roles or responsibilities in ways that improve communication or diffuse innovation throughout the organization more effectively by putting people or departments in touch with each other.

Building Your Own Network

There are several simple steps you can take to help build your own social network. For example, you can go to lunch with someone new. You can also try to do more to encourage, help, and share with others. You can seek information outside your own class or work group. You can spend time with people from work outside work. From a business and career perspective, LinkedIn (<https://ca.linkedin.com/>) is a social media network and is a great way to build an online resume and connect with like-minded industry professionals! All these suggestions are effective ways to naturally build your social network.



Doing social things such as playing golf or tennis outside work is one way to help build your social network. [Image](#) by Jopwell, [Pexels License](#)



Exercises

1. Have you ever thought about your own social network before? What do you think about it now?
2. Do you think the direct or indirect approach to doing a social network analysis is the most accurate?
3. Do you think it is ethical to play golf or tennis with coworkers to build your social network? Why or why not?
4. How have apps influenced social networking. Have you taken an inventory of your social media accounts? What is the message it is sending to people or future employers?

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13.4 Chapter Summary

Power and politics in organizations are common. In most cases, each concept is necessary and executed with skill and precision. Unfortunately, power can lead to conformity from those around us, and this occurring conformity can breed corruption. The amount of power you have has strong ties to how much others depend on you. If you are deemed a valuable resource within an organization, then you are able to wield that dependability to make demands and get others to do what you want. Besides having an innate or acquired control over particular resources, there are several social aspects of power to draw on.

Methods for obtaining more power in an organization can often lead to political behaviours. As one person seeks to influence another to support an idea, politics begins to play out. Though necessary in some instances, many people who follow the rules see the politics of an organization as resulting in an unfair distribution of resources. Still others, despite understanding the politics of a given organization, see it as an unnecessary time consumer.

Politics, influence, and power can often reside within your social network. When an individual is core to a social structure, they will often have some degree of control over others. Social networks can also help you acquire jobs, make beneficial connections, and generally make life easier. It is often a good idea to analyze your social network and determine if it needs to be strengthened or tailored.



Ethical Dilemma

It is two days before your performance appraisal. Your performance this season has been less than desirable. You came close to reaching your sales targets in the proshop, but you did not meet them, and you are hoping to still get the merit pay raise, to be determined as a result of your performance appraisal. You do not really like your manager, but you are hoping to advance in this company, and being on your manager's good side may be a good idea both for your current performance appraisal and for your future in this company.

- You are now at a meeting with your manager and a group of employees. Your manager is giving financial information to all employees about different markets. Yet, some of this information is inaccurate, which could lead to wrong pricing decisions and loss of money by the company. If you correct him, though, he would most likely get upset with you because he does not like being corrected. Would you correct him? How and when?
- Today is also the day on which your manager's boss is collecting information about your manager's leadership style, so that they can give him a 360-degree appraisal. They assure you that your comments about your manager will remain confidential, but the nature of your thoughts is such that he probably would guess you are the person who made those comments. Specifically, you think that your manager takes offence easily, has a bad temper, and could be more effective in time management. Would you share your thoughts with your manager's manager?
- You are now at Tim Hortons and grabbing a cup of coffee and some donuts. You notice that they have apple fritters, which are your manager's favourite. Would you pick some up for your manager?



Group Exercise

Analyze the following individuals in terms of their potential power bases. The first step is to discuss which types of power a person with the job listed in the left-hand column could have. If you can think of an example of them having a type of power, write the example in that column.

	Legitimate power	Reward power	Coercive power	Information power	Referent power
Bartender					
Executive Chef					
General Manager					
Turf Worker					
Pro Shop Attendant					
CEO or Owner					

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CHAPTER 14: ORGANIZATIONAL STRUCTURE AND CHANGE

Chapter Overview

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- [14.1 The Role of Ethics in Organizational Structure](#)
- [14.2 Chapter Summary](#)
- [14.3 Chapter References](#)



14.0 Organizational Structure

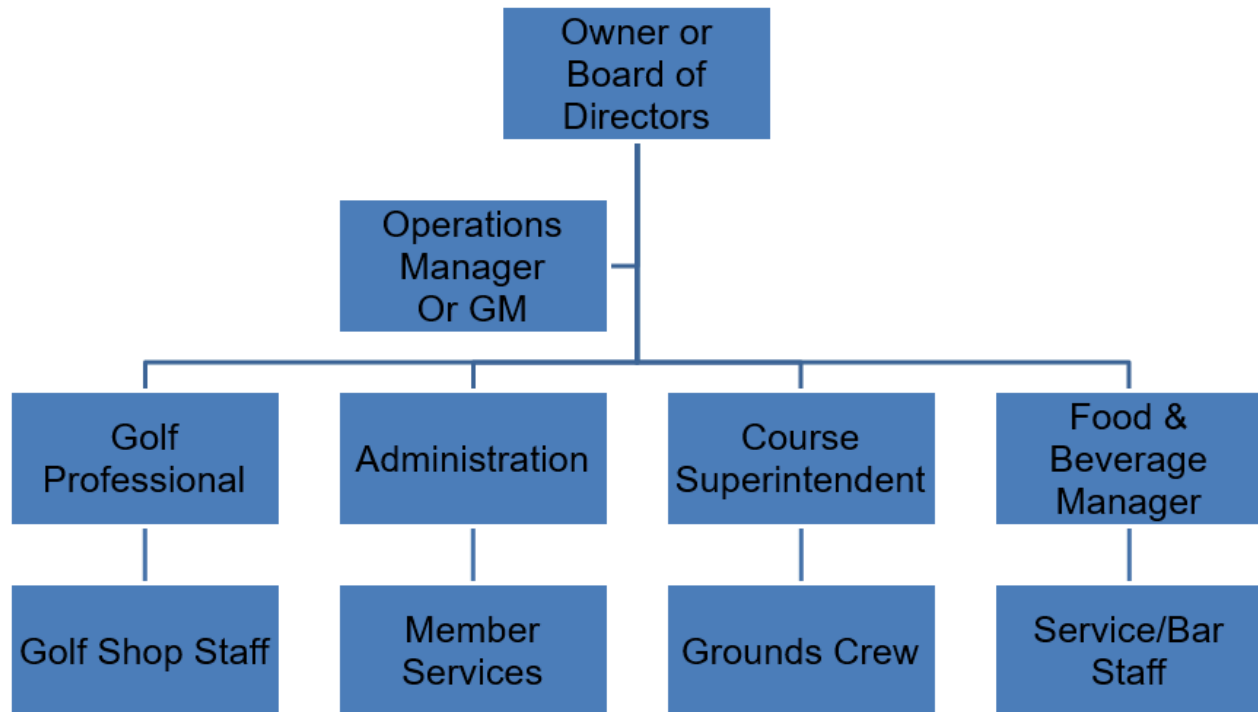


Learning Objectives

1. Explain the role of formalization, centralization, levels in the hierarchy, and departmentalization for employee attitudes and behaviours.
2. Describe how the elements of organizational structure can be combined to create mechanistic and organic structures.
3. List the advantages and disadvantages of mechanistic and organic structures for organizations.
4. Explain what a matrix structure is and the challenges of working in a structure such as this.
5. Define boundaryless organizations.
6. Define learning organizations and list the steps organizations can take to become learning organizations.

What exactly do we mean by organizational structure? In other words, which elements of a company's structure make a difference in how we behave and how work is coordinated? We will review four aspects of structure that have been frequently studied in the literature. We view these four elements as the building blocks, or elements, making up a company's structure. Then we will examine how these building blocks come together to form two different configurations of structures.

Organizational Structure of the Golf Club



Organizational structure of a golf club.

Centralization

Centralization is the degree to which decision making authority is concentrated at higher levels in an organization. In centralized companies, many important decisions are made at higher levels of the hierarchy, whereas in decentralized companies, decisions are made and problems are solved at lower levels by employees who are closer to the problem in question.

As an employee, where would you feel more comfortable and productive? If your answer is “decentralized,” you are not alone. Decentralized companies give more authority to lower-level employees, resulting in a sense of empowerment. Decisions are often faster, and employees believe that decentralized companies provide greater levels of procedural fairness to employees. Job candidates are more likely to be attracted to decentralized organizations.

Many companies find that the centralization of operations leads to inefficiencies in decision making. Hitting the right balance between decentralization and centralization is a challenge for many organizations.

Formalization

Formalization is the extent to which policies, procedures, job descriptions, and rules are written and explicitly

articulated. In other words, formalized structures are those in which there are many written rules and regulations. These structures control employee behaviour using written rules/procedures, and employees have little autonomy to make decisions on a case-by-case basis. Formalization makes employee behaviour more predictable. Whenever a problem at work arises, employees know to turn to a handbook or a procedure guideline. Therefore, employees respond to problems in a similar way across the organization, which leads to consistency of behaviour.

While formalization reduces ambiguity and provides direction to employees, it is not without disadvantages. A high degree of formalization may actually lead to reduced innovativeness, because employees are used to behaving in a certain manner. In fact, strategic decision making in such organizations often occurs only when there is a crisis. A formalized structure is associated with reduced motivation and job satisfaction as well as a slower pace of decision making (Fredrickson, 1986; Oldham & Hackman, 1981; Pierce & Delbecq, 1977; Wally & Baum, 1994). The service industry is particularly susceptible to problems associated with high levels of formalization. Sometimes, employees who are listening to a customer's problems may need to take action, but the answer may not be specified in any procedural guidelines or rulebook. For example, while golf courses and clubs do a good job of empowering their employees to handle complaints, in some areas of the club, lower-level employees have limited power to resolve a customer problem and are constrained by stringent rules that outline a limited number of acceptable responses. As a result, they need to seek a supervisor or manager to handle more complex questions or customer complaints

Hierarchical Levels

Another important element of a company's structure is the number of levels it has in the hierarchy. Keeping the size of the organization constant, tall structures have several layers of management between frontline employees and the top level, while flat structures consist of a few layers. A closely related concept is span of control, or the number of employees reporting to a single manager. In tall structures, the span of control tends to be smaller, resulting in greater opportunities for managers to supervise and monitor employee activities. In contrast, flat structures involve a wider span of control. In such a structure, managers will be relatively unable to provide close supervision, leading to greater levels of freedom of action for each employee.

Departmentalization

Organizational structures differ in terms of departmentalization. Organizations using functional structures group jobs based on similarity in functions. Such structures may have departments such as turf, golf services, food and beverage (both front and back of house), administration ~ accounting, human resources, and information technology. In these structures, each person serves a specialized role and handles large volumes of transactions.

Two Configurations: Mechanistic and Organic Structures

The different elements making up organizational structures in the form of formalization, centralization, the number of levels in the hierarchy, and departmentalization often coexist. As a result, we can talk about two configurations of organizational structures, depending on how these elements are arranged.

Mechanistic structures are similar to bureaucracies, as they are highly formalized and centralized. Communication tends to follow formal channels, and employees are given specific job descriptions delineating their roles and responsibilities. Mechanistic organizations are often rigid and resist change, making them unsuitable for being innovative and taking quick action. These forms have the downside of inhibiting entrepreneurial action and discouraging the use of individual initiative on the part of employees. Not only do mechanistic structures have disadvantages for innovativeness, they also limit individual autonomy and self-

determination, which will likely lead to lower levels of intrinsic motivation on the job (Burns & Stalker, 1961; Covin & Slevin, 1988; Schollhammer, 1982; Sherman & Smith, 1984; Slevin & Covin, 1990). Despite these downsides, mechanistic structures have advantages when the environment is more stable. The main advantage of a mechanistic structure is its efficiency. Therefore, in organizations that are trying to maximize efficiency and minimize costs, mechanistic structures provide advantages.

Organic structures are flexible, decentralized structures with low levels of formalization. Communication lines are more fluid and flexible. Employee job descriptions are broader, and employees are asked to perform duties based on the specific needs of the organization at the time, as well as their own expertise levels. Organic structures tend to be related to higher levels of job satisfaction on the part of employees. These structures are conducive to entrepreneurial behaviour and innovativeness (Burns & Stalker, 1961; Covin & Slevin, 1988). An example of a company that has an organic structure is 3M. The company is strongly committed to decentralization. At 3M, there are close to 100 profit centers, with each division feeling like a small company. Each division manager acts autonomously and is accountable for his or her actions. As operations within each division get too big and a product created by a division becomes profitable, the operation is spun off to create a separate business unit. This is done to protect the agility of the company and the small-company atmosphere (Adair, 2007).

Contemporary Forms of Organizational Structures



Due to the widespread use of matrix structures and similar organizational forms, you may find that you are reporting to multiple bosses as opposed to just one. Here is what you can do to make this situation work more smoothly for everyone involved:

- *Do not assume that having multiple bosses is necessarily a bad thing!* Yes, there are more opportunities for role overload and role conflict, but there are also more chances of learning from several senior people. This may turn out to be a great learning experience.
- *Make sure that all your managers are familiar with your overall workload.* One challenge of having multiple bosses is that you may end up with too much work, because they may place expectations on you without checking with each other. For example, you may post your “to do” list on a Web board or on a whiteboard in your office for them to keep track of.
- *Make conflicts known to managers.* Another challenge is the potential for role conflict. If the managers are not coordinating with each other, they may place contradictory expectations on you. Also, keep good records of all emails and CC all relevant managers in conversations that are pertinent to them.
- *Do not be afraid to request a meeting with all your managers, and potentially with their own managers if you reach an impasse.* This structure places serious communication and coordination challenges on all those involved, and having meetings may clear the air.
- *Make an effort to establish an effective relationship with each manager.* When you have multiple bosses, you will need to manage good relations with each of them.
- *You need to understand the styles of each manager and vary your style with each.* Some may appreciate frequent updates on all you are doing, while others may judge you based solely on ultimate results. Make an effort to understand their styles and do not assume that something that works with one will work with the other.
- *Be cognizant of the relationships among those managers as well.* Never complain about one to the other. Also, be aware that if two managers truly dislike each other, being too friendly with one in the presence of the other may affect your relations with the other.

(Frings, 2002; Hymowitz, 2003).

Boundaryless Organizations

Boundaryless organization is a term coined by Jack Welch of General Electric Company and refers to an organization that eliminates traditional barriers between departments, as well as barriers between the organization and the external environment. Many different types of boundaryless organizations exist. One form is the modular organization, where all the nonessential functions are outsourced. The idea behind this format is to retain only the value-generating and strategic functions in-house, while the rest of the operations are outsourced to many suppliers. An example of a company doing this is Toyota. By managing relationships with hundreds of suppliers, Toyota achieves efficiency and quality in its operations. Strategic alliances constitute another form of boundaryless design. Here, similar to a joint venture, two or more companies find

an area of collaboration and combine their efforts to create a partnership that is beneficial for both parties. In this form, the traditional boundaries between two competitors may be broken. As an example, Starbucks Corporation formed a highly successful partnership with PepsiCo Inc. to market its Frappuccino cold drinks. Starbucks has immediate brand name recognition in this cold coffee drink, but its desire to capture shelf space in supermarkets required marketing savvy and experience that Starbucks did not possess at the time. By partnering with PepsiCo, Starbucks gained an important head start in the marketing and distribution of this product. Finally, boundaryless organizations may involve eliminating the barriers separating employees, such as traditional management layers or walls between different departments. Structures such as self-managing teams create an environment where employees coordinate their efforts and change their own roles to suit the demands of the situation, as opposed to insisting that something is “not my job” (Dess et al., 1995; Rosenbloom, 2003).

Learning Organizations

A learning organization is one where acquiring knowledge and changing behaviour as a result of the newly gained knowledge are part of an organization's design. In these structures, experimenting, learning new things, and reflecting on new knowledge are the norms. At the same time, there are many procedures and systems in place that facilitate learning at the organizational level.

In learning organizations, experimentation and testing of potentially better operational methods are encouraged. This is true not only in response to environmental threats, but also as a way of identifying future opportunities. 3M is one company that institutionalized experimenting with new ideas in the form of allowing each engineer to spend one day a week working on a personal project. At IBM Corporation, this is achieved by taking highly successful business managers and putting them in charge of emerging business opportunities (EBOs). IBM is a company that has no difficulty coming up with new ideas, as evidenced by the number of patents it holds. Yet commercializing these ideas has been a problem in the past, owing to an emphasis on short-term results. To change this situation, the company began experimenting with the idea of EBOs. By setting up a structure in which failure is tolerated and risk-taking is encouraged, the company took a big step toward becoming a learning organization (Deutschman, 2005).

Learning organizations are also good at learning from experience, be it their own or a competitor's. In order to learn from past mistakes, companies conduct a thorough analysis of them. Some companies choose to conduct formal retrospective meetings to analyze the challenges encountered and areas for improvement. In order to learn from others, these companies vigorously study competitors, market leaders in different industries, clients, and customers. By benchmarking against industry best practices, they constantly look for ways of improving their own operations. Learning organizations are also good at studying customer habits to generate ideas. For example, Xerox Corporation uses anthropologists to understand and gain insights into how customers are actually using their office products (Garvin, 1993). By using these techniques, learning organizations facilitate innovativeness and make it easier to achieve organizational change.



Exercises

1. What are the advantages and disadvantages of decentralization?
2. All else being equal, would you prefer to work in a tall or flat organization? Why?
3. What are the advantages of departmentalization by product?
4. Have you ever reported to more than one manager? What were the challenges of such a situation?
5. What do you think are the advantages and disadvantages of being employed by a boundaryless organization?
6. What can organizations do to institutionalize organizational learning? What practices and policies would aid in knowledge acquisition and retention?

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14.1 The Role of Ethics in Organizational Structure



Learning Objectives

1. Analyze the relationship between organizational structure and ethical behaviour.
2. Compare and contrast approaches to organizational change across cultures.

Is there a relationship between how a company is structured and the degree of ethical behaviour displayed within an organization? Research indicates that such a link exists. Specifically, when corporate culture is too rigid and hierarchical, employees have fewer opportunities to develop their moral intelligence. Understanding what is ethical or not requires employees to be regularly confronted with ethical dilemmas. When employees do not have any autonomy to make decisions, and when such decisions are usually referred to a higher level, they do not find the opportunity to experience moral development, which may have implications for the degree of ethical behaviours demonstrated by employees (White, 1999).

Organizational change is a time when managers are expected to behave ethically, because many moral dilemmas are likely to emerge when an organization is faced with change. One of the common issues occurs when organizational change takes the form of downsizing or rightsizing. Many organizations realize the human impact of downsizing on employees and prefer to deal with the rising cost of human resources in other ways. Retraining employees in different areas, early retirement programs, hiring freezes, and job sharing are all alternatives to downsizing. There are also ethical issues that arise when the decision to terminate some employees is made, such as whether employees are going to be given advance notice regarding the layoffs, if they will be allowed to return to their work stations and say good-bye to their colleagues, or if they will be escorted to the door by security. If the company takes precautions to soften the blow of layoffs, such downsizing is likely to be perceived as more ethical. One of the biggest challenges in the golf industry is the seasonal nature of our business due to our Canadian climate. Most golf courses open in March/April and close in October/November. This can pose problems with staffing, especially retaining staff members who are living on a seasonal employment contract.

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14.2 Chapter Summary

Organizations can function within a number of different structures, each possessing distinct advantages and disadvantages. Although any structure that is not properly managed will be plagued with issues, some organizational models are better equipped for particular environments and tasks. A change in the environment often requires change within the organization operating within that environment.

Change in almost any aspect of a company's operations can be met with resistance, and different cultures can have different reactions to both the change and the means to promote the change. In order to better facilitate necessary changes, several steps can be taken that have been proven to lower the anxiety of employees and ease the transformation process. Often, the simple act of including employees in the change process can drastically reduce opposition to new methods. In some organizations, this level of inclusion is not possible, and instead, organizations can recruit a small number of opinion leaders to promote the benefits of the coming changes.

Some types of change, such as mergers, often come with job losses. In these situations, it is important to remain fair and ethical while laying off employees. Once change has occurred, it is vital to take any steps necessary to reinforce the new system. Employees can often require continued support well after an organizational change.



Ethical Dilemma

Imagine that you are a manager at a Golf Resort. Your company is in negotiations for a merger. If and when the two resorts merge, it seems probable that some jobs will be lost, but you have no idea how many or who will be gone. You have five subordinates. One is in the process of buying a house while undertaking a large debt. The second just received a relatively lucrative job offer and asked for your opinion as his mentor. You feel that knowing about the possibility of this merger is important to them in making these life choices. At the same time, you fear that once you let them know, everyone in the company will find out, and the negotiations are not complete yet. You may end up losing some of your best employees, and the merger may not even happen. What do you do? Do you have an ethical obligation to share this piece of news with your employees? How would you handle a situation such as this?

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CHAPTER 15: ORGANIZATIONAL CULTURE

Chapter Overview

- [15.0 Understanding Organizational Culture](#)
- [15.1 Characteristics of Organizational Culture](#)
- [15.2 Creating and Maintaining Organizational Culture](#)
- [15.3 Creating Culture Change](#)
- [15.4 Chapter Summary](#)
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15.0 Understanding Organizational Culture



Learning Objectives

1. Define organizational culture.
2. Explain why organizational culture is important.
3. Discuss the different levels of organizational culture.

What Is Organizational Culture?

Organizational culture refers to a system of shared assumptions, values, and beliefs that show employees what is appropriate and inappropriate behaviour (Chatman & Eunyoung, 2003; Kerr & Slocum Jr., 2005). These values have a strong influence on employee behaviour as well as organizational performance. In fact, the term *organizational culture* was made popular in the 1980s when Peters and Waterman's best-selling book *In Search of Excellence* made the argument that company success could be attributed to an organizational culture that was decisive, customer-oriented, empowering, and people-oriented. Since then, organizational culture has become the subject of numerous research studies, books, and articles. However, organizational culture is still a relatively new concept. In contrast to a topic such as leadership, which has a history spanning several centuries, organizational culture is a young but fast-growing area within organizational behaviour.

Culture is, by and large, invisible to individuals. Even though it affects all employees' behaviours, thinking, and behavioural patterns, individuals tend to become more aware of their organization's culture when they have the opportunity to compare it to other organizations. If you have worked in multiple organizations, you can attest to this. Maybe the first organization you worked for was a place where employees dressed formally. It was completely inappropriate to question your boss in a meeting; such behaviour would only be acceptable in private. It was important to check your e-mail at night as well as during the weekend, or else you would face questions on Monday about where you were and whether you were sick. Contrast this company to a second organization where employees dress more casually. You are encouraged to raise issues and question your boss or peers, even in front of clients. What is more important is not to maintain impressions but to arrive at the best solution to any problem. It is widely known that family life is very important, so it is acceptable to leave work a bit early to go to a family event. Additionally, you are not expected to do work at night or over the weekends unless there is a deadline. These two hypothetical organizations illustrate that organizations have different cultures, and culture dictates what is right and what is acceptable behaviour, as well as what is wrong and unacceptable.

Why Does Organizational Culture Matter?

An organization's culture may be one of its strongest assets, as well as its biggest liability. In fact, it has been

argued that organizations that have a rare and hard-to-imitate organizational culture benefit from it as a competitive advantage (Barney, 1986).

Culture, or shared values within the organization, may be related to increased performance. Researchers found a relationship between organizational cultures and company performance, with respect to success indicators such as revenues, sales volume, market share, and stock prices (Kotter & Heskett, 1992; Marcoulides & Heck, 1993). At the same time, it is important to have a culture that fits with the demands of the company's environment. To the extent shared values are proper for the company in question, company performance may benefit from culture (Arogyaswamy & Byles, 1987). For example, if a company is in the high-tech industry, having a culture that encourages innovativeness and adaptability will support its performance. However, if a company in the same industry has a culture characterized by stability, a high respect for tradition, and a strong preference for upholding rules and procedures, the company may suffer as a result of its culture. In other words, just as having the "right" culture may be a competitive advantage for an organization, having the "wrong" culture may lead to performance difficulties, may be responsible for organizational failure, and may act as a barrier preventing the company from changing and taking risks.

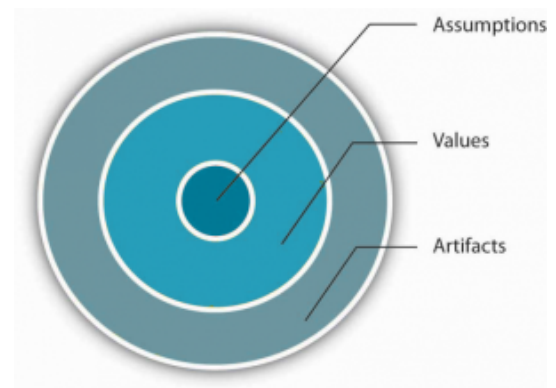
In addition to having implications for organizational performance, *organizational culture is an effective control mechanism for dictating employee behaviour*. Culture is in fact a more powerful way of controlling and managing employee behaviours than organizational rules and regulations. When problems are unique, rules tend to be less helpful. Instead, creating a culture of customer service achieves the same result by encouraging employees to think like customers, knowing that the company's priorities in this case are clear: Keeping the customer happy is preferable to other concerns, such as saving the cost of a refund.

Levels of Organizational Culture

Organizational culture consists of some aspects that are relatively more visible, as well as aspects that may lie below one's conscious awareness. Organizational culture can be thought of as consisting of three interrelated levels (Schein, 1992).

At the deepest level, below our awareness lie basic assumptions. Assumptions are taken for granted, and they reflect beliefs about human nature and reality. At the second level, values exist. Values are shared principles, standards, and goals. Finally, at the surface, we have artifacts, or visible, tangible aspects of organizational culture. For example, in an organization, one of the basic assumptions employees and managers share might be that happy employees benefit their organizations. This assumption could translate into values such as social equality, high-quality relationships, and having fun. The artifacts reflecting such values might be an executive "open door" policy, an office layout that includes open spaces and gathering areas equipped with an employee lounge, and company outings,

such as 9 holes of golf followed by food and beverages. In other words, understanding the organization's culture may start from observing its artifacts: the physical environment, employee interactions, company policies, reward systems, and other observable characteristics. When you are interviewing for a position, observing the physical environment, how people dress, where they relax, and how they talk to others is definitely a good start to understanding the company's culture. However, simply looking at these tangible aspects is unlikely to give a full picture of the organization. An important chunk of what makes up culture exists below one's degree of awareness. The values and, at a deeper level, the assumptions that shape the



"Three levels of culture". University of Minnesota, Organizational Behaviour, CC BY-NC-SA 4.0.

organization's culture can be uncovered by observing how employees interact and the choices they make, as well as by inquiring about their beliefs and perceptions regarding what is right and appropriate behaviour.



Exercises

1. Why do companies need culture?
2. Give an example of an aspect of company culture that is a strength and one that is a weakness.
3. In what ways does culture serve as a controlling mechanism?
4. If assumptions are below the surface, why do they matter?
5. Share examples of artifacts you have noticed at different golf courses

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15.1 Characteristics of Organizational Culture



Learning Objectives

1. Discuss the different dimensions of organizational culture.
2. Describe cultural strength.
3. Explore subcultures within organizations.

Dimensions of Culture

Which values characterize an organization's culture? Even though culture may not be immediately observable, identifying a set of values that might be used to describe an organization's culture helps us identify, measure, and manage culture more effectively. For this purpose, several researchers have proposed various culture typologies. One typology that has received a lot of research attention is the *organizational culture profile* (OCP), in which culture is represented by seven distinct values (Chatman & Jehn, 1991; O'Reilly, Chatman, & Caldwell, 1991). We will describe the OCP as well as two additional dimensions of organizational culture that are not represented in that framework but are important dimensions to consider: service culture and safety culture.

Innovative Cultures

According to the OCP framework, companies that have innovative cultures are flexible and adaptable and experiment with new ideas. These companies are characterized by a flat hierarchy in which titles and other status distinctions tend to be downplayed.

Aggressive Cultures

Companies with aggressive cultures value competitiveness and outperforming competitors: By emphasizing this, they may fall short in the area of corporate social responsibility.

Outcome-Oriented Cultures

The OCP framework describes outcome-oriented cultures as those that emphasize achievement, results, and



["Dimensions of Organizational Culture Profile \(OCP\)". University of Minnesota, Organizational Behavior, CC BY-NC-SA 4.0.](#)

action as important values. Outcome-oriented cultures hold employees as well as managers accountable for success and utilize systems that reward employee and group output. In these companies, it is more common to see rewards tied to performance indicators as opposed to seniority or loyalty. Research indicates that organizations that have a performance-oriented culture tend to outperform companies that lack such a culture (Nohria, Joyce, & Roberson, 2003). At the same time, some outcome-oriented companies may have such a high drive for outcomes and measurable performance objectives that they may suffer negative consequences. Companies that overreward employee performance, experienced well-publicized business and ethical failures. When performance pressures lead to a culture where unethical behaviours become the norm, individuals see their peers as rivals and short-term results are rewarded; the resulting unhealthy work environment serves as a liability (Probst & Raisch, 2005).

Stable Cultures

Stable cultures are predictable, rule-oriented, and bureaucratic. These organizations aim to coordinate and align individual efforts for the greatest levels of efficiency. When the environment is stable and certain, these cultures may help the organization be effective by providing stable and constant levels of output (Westrum, 2004). These cultures prevent quick action, and as a result, may be a misfit to a changing and dynamic environment.

People-Oriented Cultures

People-oriented cultures value fairness, supportiveness, and respect for individual rights. These organizations truly live by the mantra that “people are their greatest asset.” In addition to having fair procedures and management styles, these companies create an atmosphere where work is fun and employees do not feel required to choose between work and other aspects of their lives. In these organizations, there is a greater emphasis on and expectation of treating people with respect and dignity (Erdogan, Liden, & Kraimer, 2006).

Team-Oriented Cultures

Companies with team-oriented cultures are collaborative and emphasize cooperation among employees. In team-oriented organizations, members tend to have more positive relationships with their coworkers and particularly with their managers (Erdogan, Liden, & Kraimer, 2006).

Detail-Oriented Cultures

Organizations with detail-oriented cultures are characterized in the OCP framework as emphasizing precision and paying attention to details. Such a culture gives a competitive advantage to companies in the hospitality industry by helping them differentiate themselves from others. For example, Four Seasons Hotels Ltd. and the Ritz-Carlton Company LLC are among hotels that keep records of all customer requests, such as which newspaper the guest prefers or what type of pillow the customer uses. This information is put into a computer system and used to provide better service to returning customers. Any requests hotel employees receive, as well as overhear, might be entered into the database to serve customers better. Recent guests to Four Seasons Paris who were celebrating their 21st anniversary were greeted with a bouquet of 21 roses on their bed. Such clear attention to detail is an effective way of impressing customers and ensuring repeat visits. (Fitch, 2004; Ford & Heaton, 2001).

Service Culture

Service culture is not one of the dimensions of OCP, but given the importance of the retail industry in the overall economy, having a service culture can make or break an organization.

What differentiates companies with a service culture from those without such a culture may be the desire to solve customer-related problems proactively. In other words, in these cultures, employees are engaged in their jobs and personally invested in improving customer experience, such that they identify issues and come up with solutions without necessarily being told what to do. For example, the London Club (londonclub.com) is a private dining club in the city of London. When the GM, Geoff Curphey, was asked about service culture, he said their club lives by a simple service motto: "The answer is Yes! What is the question?" (G. Curphey, personal communication, July 7th, 2025). This is a reminder to all staff of the elevated service standards that are the foundation of the organization.

Strength of Culture

A strong culture is one that is shared by organizational members (Arogyaswamy & Byles, 1987; Chatman & Eunyoung, 2003). In other words, if most employees in the organization show consensus regarding the values of the company, it is possible to talk about the existence of a strong culture. A culture's content is more likely to affect the way employees think and behave when the culture in question is strong. For example, cultural values emphasizing customer service will lead to higher quality customer service if there is widespread agreement among employees on the importance of customer service-related values (Schneider, Salvaggio, & Subirats, 2002).

It is important to realize that a strong culture may act as an asset or liability for the organization, depending on the types of values that are shared. For example, imagine a company with a culture that is strongly outcome-oriented. If this value system matches the organizational environment, the company outperforms its competitors. On the other hand, a strong outcome-oriented culture coupled with unethical behaviours and an obsession with quantitative performance indicators may be detrimental to an organization's effectiveness. An extreme example of this dysfunctional type of strong culture is Enron.

A strong culture may sometimes outperform a weak culture because of the consistency of expectations. In a strong culture, members know what is expected of them, and the culture serves as an effective control mechanism on member behaviour. Research shows that strong cultures lead to more stable corporate performance in stable environments. However, in volatile environments, the advantages of cultural strength disappear (Sorensen 2002).



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Do Organizations Have a Single Culture?

So far, we have assumed that a company has a single culture that is shared throughout the organization. However, you may have realized that this is an oversimplification. In reality, there might be multiple cultures within any given organization. For example, people working in the pro shop may experience a different culture from that experienced by people working in food and beverage. A culture that emerges within different departments, branches, or geographic locations is called a subculture. Subcultures may arise from the

personal characteristics of employees and managers, as well as the different conditions under which work is performed. Therefore, in addition to understanding the broader organization's values, managers will need to make an effort to understand subculture values to see their impact on workforce behaviour and attitudes. Moreover, as an employee, you need to understand the type of subculture in the department where you will work, in addition to understanding the company's overall culture.



Exercises

1. Think about an organization you are familiar with. Based on the dimensions of OCP, how would you characterize its culture?
2. Out of the culture dimensions described, which dimension do you think would lead to higher levels of employee satisfaction and retention? Which one would be related to company performance?
3. What are the pros and cons of an outcome-oriented culture?
4. Can you imagine an effective use of subcultures within an organization, especially in golf and clubs?

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15.2 Creating and Maintaining Organizational Culture



Learning Objectives

1. Explain how cultures are created.
2. Discuss how to maintain a culture.
3. Recognize organizational culture signs.

How Are Cultures Created?

Where do cultures come from? Understanding this question is important so that you know how they can be changed. An organization's culture is shaped as the organization faces external and internal challenges and learns how to deal with them. When the organization's way of doing business provides a successful adaptation to environmental challenges and ensures success, those values are retained. These values and ways of doing business are taught to new members as *the* way to do business (Schein, 1992).

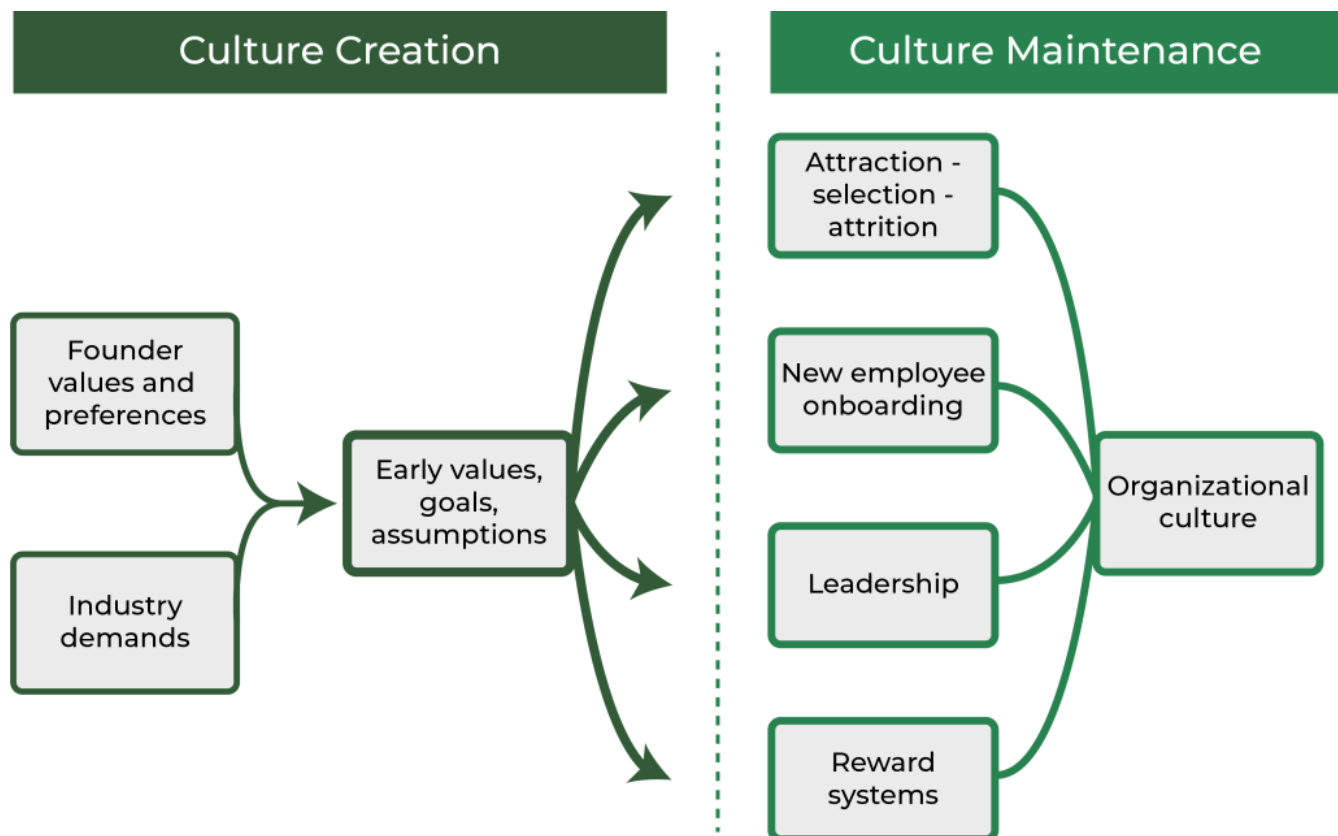


Image Description

A flowchart diagram titled “Culture Creation” and “Culture Maintenance” is divided vertically down the center.

On the left side (Culture Creation):

Two boxes labelled “Founder values and preferences” and “Industry demands” have arrows pointing to a central box labelled “Early values, goals, assumptions.”

This central box has arrows pointing right toward the Culture Maintenance side.

On the right side (Culture Maintenance):

Four boxes labelled:

“Attraction – selection – attrition”

“New employee onboarding”

“Leadership”

“Reward systems”

Each of these four boxes has arrows pointing to a central box labelled “Organizational culture.”

The factors that are most important in the creation of an organization’s culture include founders’ values, preferences, and industry demands.

Founder’s Values

A company’s culture, particularly during its early years, is inevitably tied to the personality, background, and values of its founder or founders, as well as their vision for the future of the organization. This explains one reason why culture is so hard to change: It is shaped in the early days of a company’s history. When entrepreneurs establish their own businesses, the way they want to do business determines the organization’s rules, the structure set-up in the company, and the people they hire to work with them. Founder values become part of the corporate culture to the degree that they help the company be successful.

Industry Demands

While founders undoubtedly exert a powerful influence over corporate cultures, the industry characteristics also play a role. Industry characteristics and demands act as a force to create similarities among organizational cultures. For example, despite some differences, many companies in the insurance and banking industries are stable and rule-oriented, many companies in the high-tech industry have innovative cultures, and companies in the nonprofit industry tend to be people-oriented. If the industry is one with a large number of regulatory requirements—for example, banking, health care, and nuclear power plant industries—then we might expect the presence of a large number of rules and regulations, a bureaucratic company structure, and a stable culture. Similarly, the high-tech industry requires agility, taking quick action, and low concern for rules and authority, which may create a relatively more innovative culture (Chatman & Jehn, 1994; Gordon, 1991). The industry influence over culture is also important to know, because this shows that it may not be possible to imitate the culture of a company in a different industry, even though it may seem admirable to outsiders.

How Are Cultures Maintained?

As a company matures, its cultural values are refined and strengthened. The early values of a company's culture exert influence over its future values. It is possible to think of organizational culture as an organism that protects itself from external forces. Organizational culture determines what types of people are hired by an organization and what types are left out. Moreover, once new employees are hired, the company assimilates new employees and teaches them the way things are done in the organization. We call these processes *attraction-selection-attrition* and *onboarding* processes. We will also examine the role of *leaders* and *reward systems* in shaping and maintaining an organization's culture. It is important to remember two points: The process of culture creation is, in fact, more complex and less clean than the name implies. Additionally, the influence of each factor on culture creation is reciprocal. For example, just as leaders may influence what type of values the company has, the culture may also determine what types of behaviours leaders demonstrate.

Attraction-Selection-Attrition (ASA)

Organizational culture is maintained through a process known as attraction-selection-attrition. First, employees are *attracted* to organizations where they will fit in. In other words, different job applicants will find different cultures to be attractive. Someone who has a competitive nature may feel comfortable and prefer to work in a company where interpersonal competition is the norm. Others may prefer to work in a team-oriented workplace. Research shows that employees with different personality traits find different cultures attractive. For example, out of the Big Five personality traits, employees who demonstrated neuroticism were less likely to be attracted to innovative cultures, whereas those who had openness to experience were more likely to be attracted to innovative cultures (Judge & Cable, 1997). As a result, individuals will self-select the companies they work for and may stay away from companies that have core values that are radically different from their own.

Of course, this process is imperfect, and value similarity is only one reason a candidate might be attracted to a company. At this point in the process, the second component of the ASA framework prevents them from getting in: *Selection*. Just as candidates are looking for places where they will fit in, companies are also looking for people who will fit into their current corporate culture. Many companies are hiring people for fit with their culture, as opposed to fit with a certain job. This is important for job applicants to know because, in addition to highlighting your job-relevant skills, you will need to discuss why your personality and values match those of the company. Companies use different techniques to weed out candidates who do not fit with corporate values. This way, they can make sure that job candidates are already interested in organizing their lives and understand the company's commitment to helping customers organize theirs. Companies may also use employee referrals in their recruitment process. By using their current employees as a source of future employees, companies may make sure that the newly hired employees go through a screening process to avoid a potential person-culture mismatch.

Even after a company selects people for person-organization fit, there may be new employees who do not fit in. Some candidates may be skillful in impressing recruiters and signal high levels of culture fit even though they do not necessarily share the company's values. Moreover, recruiters may suffer from perceptual biases and hire some candidates, thinking that they fit with the culture, even though the actual fit is low. In any event, the organization is going to eventually eliminate candidates who do not fit in through *attrition*. Attrition refers to the natural process in which the candidates who do not fit in will leave the company. Research indicates that person-organization misfit is one of the important

reasons for employee turnover (Kristof-Brown, Zimmerman, & Johnson, 2005; O'Reilly III, Chatman, & Caldwell, 1991).

As a result of the ASA process, the company attracts, selects, and retains people who share its core values. On the other hand, those people who are different in core values will be excluded from the organization either during the hiring process or later on through naturally occurring turnover. Thus, organizational culture will act as a self-defending organism where intrusive elements are kept out. Supporting the existence of such self-protective mechanisms, research shows that organizations demonstrate a certain level of homogeneity regarding the personalities and values of organizational members (Giberson, Resick, & Dickson, 2005).

New Employee Onboarding

Another way in which an organization's values, norms, and behavioural patterns are transmitted to employees is through onboarding (also referred to as the **organizational socialization** process). Onboarding refers to the process through which new employees learn the attitudes, knowledge, skills, and behaviours required to function effectively within an organization. If an organization can successfully socialize new employees into becoming organizational insiders, new employees feel confident regarding their ability to perform, sense that they will feel accepted by their peers, and understand and share the assumptions, norms, and values that are part of the organization's culture. This understanding and confidence, in turn, translate into more effective new employees who perform better and have higher job satisfaction, stronger organizational commitment, and longer tenure within the company (Bauer et al., 2007).

There are many factors that play a role in the successful adjustment of new employees. New employees can engage in several activities to help increase their own chances of success at a new organization. Organizations also engage in different activities, such as implementing orientation programs or matching new employees with mentors, which may facilitate onboarding.

What Can Employees Do During Onboarding?

New employees who are proactive, seek feedback, and build strong relationships tend to be more successful than those who do not (Bauer & Green, 1998; Kammeyer-Mueller & Wanberg, 2003; Wanberg & Kammeyer-Mueller, 2000). For example, *feedback seeking* helps new employees. Especially on a first job, a new employee can make mistakes or gaffes and may find it hard to understand and interpret the ambiguous reactions of coworkers. New hires may not know whether they are performing up to standards, whether it was a good idea to mention a company mistake in front of a client, or why other employees are asking if they were sick over the weekend because of not responding to work-related e-mails. By actively seeking feedback, new employees may find out sooner rather than later any behaviours that need to be changed and gain a better understanding of whether their behaviour fits with the company culture and expectations. Several studies show the benefits of feedback seeking for new employee adjustment.

Relationship building, or *networking*, is another important behaviour new employees may demonstrate. Particularly when a company does not have a systematic approach to onboarding, it becomes more important for new employees to facilitate their own onboarding by actively building relationships. According to one

estimate, 35% of managers who start a new job fail in the new job and either voluntarily leave or are fired within 1.5 years. Of these, over 60% report not being able to form effective relationships with colleagues as the primary reason for their failure (Fisher, 2005). New employees may take an active role in building relations by seeking opportunities to have a conversation with their new colleagues, arranging lunches or coffee with them, participating in company functions, and making the effort to build a relationship with their new supervisor (Kim, Cable, & Kim, 2005).



OB Toolbox: You've Got a New Job! Now How Do You Get on Board?

- *Gather information.* Try to find as much about the company and the job as you can before your first day. After you start working, be a good observer, gather information, and read as much as you can to understand your job and the company. Examine how people are interacting, how they dress, and how they act to avoid behaviours that might indicate to others that you are a misfit.
- *Manage your first impression.* First impressions may endure, so make sure that you dress appropriately, are friendly, and communicate your excitement to be a part of the team. Be on your best behaviour!
- *Invest in relationship development.* The relationships you develop with your manager and with coworkers will be essential for you to adjust to your new job. Take the time to strike up conversations with them. If there are work functions during your early days, make sure not to miss them!
- *Seek feedback.* Ask your manager or coworkers how well you are doing and whether you are meeting expectations. Listen to what they are telling you, and also listen to what they are not saying. Then, make sure to act upon any suggestions for improvement. Be aware that after seeking feedback, you may create a negative impression if you consistently ignore the feedback you receive.
- *Show success early on.* In order to gain the trust of your new manager and colleagues, you may want to establish a history of success early. Volunteer for high-profile projects where you will be able to demonstrate your skills. Alternatively, volunteer for projects that may serve as learning opportunities or that may put you in touch with the key people in the company.

What Can Organizations Do During Onboarding?

Many organizations take a more structured and systematic approach to new employee onboarding, while others follow a “sink or swim” approach in which new employees struggle to figure out what is expected of them and what the norms are.

A formal orientation program indoctrinates new employees to the company culture, as well as introduces them to their new jobs and colleagues. An orientation program is important because it has a role in making new employees feel welcome, in addition to imparting information that may help new employees be successful in their new jobs. Many large organizations have formal orientation programs consisting of lectures, videotapes, and written material, while some may follow more unusual approaches. According to one estimate, most orientations last anywhere from one to five days, and some companies are currently switching to a computer-based orientation. Ritz-Carlton, the company ranked number 1 in *Training* magazine's 2007 top

125 list, uses a very systematic approach to employee orientation and views orientation as the key to retention. In the two-day classroom orientation, employees spend time with management, dine in the hotel's finest restaurant, and witness the attention to customer service detail firsthand. For example, they receive hand-written welcome notes and their favourite snacks during the break. During these two days, they are introduced to the company's intensive service standards, team orientation, and its own language. Later, on their 21st day, they are tested on the company's service standards and are certified (Durett, 2006; Elswick, 2000; The Ritz-Carlton Company, 2001). Research shows that formal orientation programs are helpful in teaching employees about the goals and history of the company, as well as communicating the power structure. Moreover, these programs may also help with a new employee's integration into the team. However, these benefits may not be realized to the same extent in computer-based orientations. In fact, compared to those taking part in a regular, face-to-face orientation, individuals undergoing a computer-based orientation were shown to have lower understanding of their job and the company, indicating that different formats of orientations may not substitute for each other (Klein & Weaver, 2000; Moscato, 2005; Wesson & Gogus, 2005).

What Can Organizational Insiders Do During Onboarding?

One of the most important ways in which organizations can help new employees adjust to a company and a new job is through *organizational insiders*—namely, supervisors, coworkers, and mentors. Research shows that leaders have a key influence over onboarding, and the information and support leaders provide determine how quickly employees learn about the company's politics and culture. Coworker influence determines the degree to which employees adjust to their teams. Mentors can be crucial to helping new employees adjust by teaching them the ins and outs of their jobs and how the company really operates. A mentor is a trusted person who provides an employee with advice and support regarding career-related matters. Although a mentor can be any employee or manager who has insights that are valuable to the new employee, mentors tend to be relatively more experienced than their protégés. Mentoring can occur naturally between two interested individuals, or organizations can facilitate this process by having formal mentoring programs. These programs may successfully bring together mentors and protégés who would not come together otherwise. Research indicates that the existence of these programs does not guarantee their success, and there are certain program characteristics that may make these programs more effective. For example, when mentors and protégés feel that they had input in the mentor-protégé matching process, they tend to be more satisfied with the arrangement. Moreover, when mentors receive training beforehand, the outcomes of the program tend to be more positive (Allen, Eby, & Lentz, 2006). Because mentors may help new employees interpret and understand the company's culture, organizations may benefit from selecting mentors who personify the company's values. Thus, organizations may need to design these programs carefully to increase their chance of success.

Leadership

Leaders are instrumental in creating and changing an organization's culture. There is a direct correspondence between a leader's style and an organization's culture. For example, when leaders motivate employees through inspiration, corporate culture tends to be more supportive and people-oriented. When leaders motivate by making rewards contingent on performance, the corporate culture tends to be more performance-oriented and competitive (Sarros, Gray, & Dornsten, 2002). In these and many other ways, what leaders do directly influences the cultures their organizations have.

Part of the leader's influence over culture is through role modelling. Many studies have suggested

that leader behaviour, the consistency between organizational policy and leader actions, and leader role modelling determine the degree to which the organization's culture emphasizes ethics (Driscoll & McKee, 2007). The leader's own behaviours will signal to employees what is acceptable behaviour and what is unacceptable. In an organization in which high-level managers make the effort to involve others in decision making and seek opinions of others, a team-oriented culture is more likely to evolve. By acting as role models, leaders send signals to the organization about the norms and values that are expected to guide the actions of organizational members.

Leaders also shape culture by their reactions to the actions of others around them. For example, do they praise a job well done, or do they praise a favored employee regardless of what was accomplished? How do they react when someone admits to making an honest mistake? What are their priorities? In meetings, what types of questions do they ask? Do they want to know what caused accidents so that they can be prevented, or do they seem more concerned about how much money was lost as a result of an accident? Do they seem outraged when an employee is disrespectful to a coworker, or does their reaction depend on whether they like the harasser? Through their day-to-day actions, leaders shape and maintain an organization's culture.

Reward Systems

Finally, the company culture is shaped by the type of reward systems used in the organization, and the kinds of behaviours and outcomes it chooses to reward and punish. One relevant element of the reward system is whether the organization rewards behaviours or results. Some companies have reward systems that emphasize intangible elements of performance as well as more easily observable metrics. In these companies, supervisors and peers may evaluate an employee's performance by assessing the person's behaviours as well as the results. In such companies, we may expect a culture that is relatively people or team-oriented, and employees act as part of a family (Kerr & Slocum, 2005). On the other hand, in companies that purely reward goal achievement, there is a focus on measuring only the results without much regard for the process. In these companies, we might observe outcome-oriented and competitive cultures. Another categorization of reward systems might be whether the organization uses rankings or ratings. In a company where the reward system pits members against one another, where employees are ranked against each other, and the lower performers receive long-term or short-term punishments, it would be hard to develop a culture of people orientation and may lead to a competitive culture. On the other hand, evaluation systems that reward employee behaviour by comparing it to absolute standards, as opposed to comparing employees to each other, may pave the way to a team-oriented culture. Whether the organization rewards performance or seniority would also make a difference in culture. When promotions are based on seniority, it would be difficult to establish a culture of outcome orientation. Finally, the types of behaviours that are rewarded or ignored set the tone for the culture. Service-oriented cultures reward, recognize, and publicize exceptional service on the part of their employees. In safety cultures, safety metrics are emphasized, and the organization is proud of its low accident ratings. What behaviours are rewarded, which ones are punished, and which are ignored will determine how a company's culture evolves.



OB Toolbox: Best Practices

Onboarding plans should have the following characteristics:

- *Written down.* If your organization does not have a formal plan, write one yourself. It may not make sense to share it with others, but at least you will have a roadmap. If your organization does have one, refer to it on a monthly basis.
- *Participatory.* The power of onboarding programs is in the interaction. Try to get participation from others to the extent possible and engage in onboarding activities offered to you by the organization.
- *Tracked over time.* Keep in mind that research shows onboarding has a rhythm of 30-, 60-, 90-, and 180-day milestones. Be sure to track your progress.
- *Clear on objectives, timeline, roles, and responsibilities.* This will help ensure that role conflict and ambiguity don't derail your onboarding process.
- *Clear on scheduled key stakeholder meetings with managers and mentors.* Include a plan for
 1. going over strengths and development areas.
 2. hearing about potential problems and critical advice to help you be successful.
- Be sure to include a list of your key questions and things you need to help you do your job better.

(Bauer & Elder, 2006).

Visual Elements of Organizational Culture

How do you find out about a company's culture? We emphasized earlier that culture influences the way members of the organization think, behave, and interact with one another. Thus, one way of finding out about a company's culture is by observing employees or interviewing them. At the same time, culture manifests itself in some visible aspects of the organization's environment. In this section, we discuss five ways in which culture shows itself to observers and employees.

Mission Statement

A mission statement is a statement of purpose, describing who the company is and what it does. Many companies have mission statements, but they do not always reflect the company's values and its purpose. An effective mission statement is well known by employees, is transmitted to all employees starting from their first day at work, and influences employee behaviour.

Not all mission statements are effective, because some are written by public relations specialists and can be found on a company's website, but it does not affect how employees act or behave. In fact, some

mission statements reflect who the company wants to be as opposed to who they actually are. If the mission statement does not affect employee behaviour on a day-to-day basis, it has little usefulness as a tool for understanding the company's culture.

A mission statement that is taken seriously and widely communicated may provide insights into the corporate culture. For example, the London Hunt and Country Club's mission statement is *"The London Hunt and Country Club's mission is to be a family-focused club that provides its members with an exceptional golf course, complemented by first-class dining facilities. The club aims to enhance the enjoyment of its members through programs like fitness, tennis, pickleball, trap and skeet, and social activities. The club emphasizes its strong family foundation and strives to meet the needs of all members:" The needs of the patient come first.*" This mission statement provides key themes, such as family-focused, service-oriented, recreation, and social (London Hunt and Country Club, n.d.).

Rituals

Rituals refer to repetitive activities within an organization that have symbolic meaning (Anand, 2005). Usually, rituals have their roots in the history of a company's culture. They create camaraderie and a sense of belonging among employees. They also serve to teach employees corporate values and create identification with the organization. As a ritual, meetings help maintain a small-company atmosphere, ensure employee involvement and accountability, communicate a performance orientation, and demonstrate effective communication between departments.

Rules and Policies

Another way in which an observer may find out about a company's culture is to examine its rules and policies. Companies create rules to determine acceptable and unacceptable behaviour, and thus the rules that exist in a company will signal the type of values it has. Policies about issues such as decision making, human resources, and employee privacy reveal what the company values and emphasizes equity amongst all employees.

Physical Layout

A company's building, including the layout of employee offices and other work spaces, communicates important messages about a company's culture. The building architecture may indicate the core values of an organization's culture. For example, at some golf courses, the clubhouse layout might be open concepts to promote employees to oversee multiple areas. On the other hand, golf course architects

design golf courses, so when the member is golfing, they feel like they are the only person on the golf course. This will add to or enhance the customer experience.

Stories

Perhaps the most colourful and effective way in which organizations communicate their culture to new employees and organizational members is through the skillful use of stories. In the case of the London Hunt and Country Club, they take pride in the rich history through a chronological story of the club. The London Hunt and Country Club has a strong family foundation built on traditions. It is a community of like-minded people who have chosen to come together to call this place their Club. The club strives to meet the needs of every Member, whatever their interest may be. In doing so, the club offers a variety of activities, social events, dining opportunities, and much more for all members, young and old. The London Hunt Club was established on March 30, 1885 (London Hunt and Country Club, n.d.).



OB Toolbox: As a Job Candidate, How Would You Find Out If You Are a Good Fit?

- *Do your research.* Talking to friends and family members who are familiar with the company, doing an online search for news articles about the company, browsing the company's website, and reading their mission statement would be a good start.
- *Observe the physical environment.* Do people work in cubicles or in offices? What is the dress code? What is the building structure? Do employees look happy, tired, or stressed? The answers to these questions are all pieces of the puzzle.
- *Read between the lines.* For example, the absence of a lengthy employee handbook or detailed procedures might mean that the company is more flexible and less bureaucratic.
- *How are you treated?* The recruitment process is your first connection to the company. Were you treated with respect? Do they maintain contact with you, or are you being ignored for long stretches at a time?
- *Ask questions.* What happened to the previous incumbent of this job? What does it take to be successful in this firm? What would their ideal candidate for the job look like? The answers to these questions will reveal a lot about the way they do business.
- *Listen to your gut.* Your feelings about the place in general, and your future manager and coworkers in particular, are important signs that you should not ignore.

(Daniel & Brandon, 2006).



Exercises

1. Do you think it is a good idea for companies to emphasize person-organization fit when hiring new employees? What advantages and disadvantages do you see when hiring people who fit with company values?
2. What is the influence of company founders on company culture? Give examples based on your personal knowledge.
3. What are the methods companies use to aid with employee onboarding? What is the importance of onboarding for organizations?
4. What type of company do you feel would be a good fit for you? What type of culture would be a misfit for you? In your past work experience, were there any moments when you felt that you did not fit with the organization? Why?

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15.3 Creating Culture Change



Learning Objectives

1. Explain why culture change may be necessary.
2. Describe the process of culture change.

How Do Cultures Change?

Culture is part of a company's DNA and is resistant to change efforts. Unfortunately, many organizations may not even realize that their current culture constitutes a barrier against organizational productivity and performance. Changing company culture may be the key to the company's turnaround when there is a mismatch between an organization's values and the demands of its environment.

Certain conditions may help with culture change. For example, if an organization is *experiencing failure* in the short run or is under threat of bankruptcy or an imminent loss of market share, it would be easier to convince managers and employees that culture change is necessary. A company can use such downturns to generate employee commitment to the change effort. However, if the organization has been successful in the past and if employees do not perceive an urgency necessitating culture change, the change effort will be more challenging. Sometimes the external environment may force an organization to undergo a culture change. *Mergers and acquisitions* are another example of an event that changes a company's culture. In fact, the ability of the two merging companies to harmonize their corporate cultures is often what makes or breaks a merger effort.

Step 1: Creating a Sense of Urgency

In order for the change effort to be successful, it is important to communicate the need for change to employees. One way of doing this is to create a sense of urgency on the part of employees and explain to them why changing the fundamental way in which business is done is so important. In successful culture change efforts, leaders communicate with employees and present a case for culture change as the essential element that will lead the company to eventual success.

Step 2: Changing Leaders and Other Key Players

A leader's vision is an important factor that influences how things are done in an organization. Thus, culture change often follows changes at the highest levels of the organization. Moreover, in order to implement the change effort quickly and efficiently, a company may find it helpful to remove managers and other powerful employees who are acting as a barrier to change. Because of political reasons, self-interest, or habits, managers may create powerful resistance to change efforts. In such cases, replacing these positions with

employees and managers giving visible support to the change effort may increase the likelihood that the change effort succeeds.

Step 3: Role Modelling

Role modelling is the process by which employees modify their own beliefs and behaviours to reflect those of the leader (Kark & Van Dijk, 2007). CEO/GMs can model the behaviours that are expected of employees to change the culture. The ultimate goal is that these behaviours will trickle down to lower-level employees. When such behaviour is modelled at top levels, it is likely to have an impact on the company culture (Barron, 2007).

Step 4: Training

Well-crafted training programs may be instrumental in bringing about culture change by teaching employees the new norms and behavioural styles.

Step 5: Changing the Reward System

The criteria with which employees are rewarded and punished have a powerful role in determining the cultural values in existence. For example, in the pro shop, switching from a straight salary system plus collective sales targets to an hourly plus commission-based incentive structure for merchandise sales may be instrumental in bringing about customer focus among sales staff. Moreover, by rewarding employees who embrace the company's new values and even promoting these employees, organizations can make sure that changes in culture have a lasting impact. If a company wants to develop a team-oriented culture where employees collaborate with each other, methods such as using individual-based incentives may backfire. Instead, distributing bonuses to intact teams might be more successful in bringing about culture change.

Step 6: Creating New Symbols and Stories

Finally, the success of the culture change effort may be increased by developing new rituals, symbols, and stories. By replacing the old symbols and stories, the new symbols and stories will help enable the culture change and ensure that the new values are communicated.



Exercises

1. Can new employees change a company's culture? If so, how?
2. Are there conditions under which change is not possible? If so, what would such conditions be?
3. Have you ever observed a change process at an organization you were involved with? If so, what worked well and what didn't?
4. What recommendations would you have for someone considering a major change of culture within their own organization?

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15.4 Chapter Summary

To summarize, in this chapter, we have reviewed what defines organizational culture, how it is created, and how it can be changed. Corporate culture may be the greatest strength or a serious limitation for a company, depending on whether the values held are in line with corporate strategy and environmental demands. Even though changing an organization's culture is difficult, the success of the organization may require the change. Leaders, through their actions, role modelling, rule-making, and story creation, serve as instrumental change agents.



Group Exercise

Recruiting Employees Who Fit the Culture

You are an employee of a local golf course. The course currently employs 25 employees and is growing. This is a family-owned business, and employees feel a sense of belonging to this company. Business is conducted in an informal manner, there are not many rules, and people feel like they are part of a family. There are many friendships at work, and employees feel that they have a lot of autonomy regarding how they perform their jobs. Customer service is also very important in this company. Employees often chat with their customers about golf and recommend things they might like. Because the company is growing, they will need to hire several employees over the next months. They want to establish recruitment and selection practices so that they can hire people who have a high degree of fit with the current culture.

Working within groups, discuss the effectiveness of the following recruitment tools. Evaluate each recruitment source. Which ones would yield candidates with a high degree of fit with the company's current culture?

1. Newspaper advertisements
2. Magazine advertisements
3. Radio advertisements
4. Social Media Posts
5. Hiring customers
6. Hiring walk-ins
7. Employee referrals
8. Using online sources such as Indeed or Glassdoor

Next, create interview questions for a person who will work on the sales floor. What types of questions would you ask during the interview to assess person-organization fit? How would you conduct the interview (who would be involved in the interviewing process, where would you conduct the interview, and so on) to maximize the chances of someone with a high person-organization fit?

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Version History

This page provides a record of changes made to the open textbook since its initial publication. If the change is minor, the version number increases by 0.1. If the change involves substantial updates, the version number increases to the next full number.

Version	Date	Change	Affected Web Page
1.0	September 17, 2025	Publication	N/A