Chapter 2- Personality & Learning

LO2.1 Define personality & discuss its general role in influencing organizational behaviour

LO2.2 Describe the dispositional, situational, and interactionist approach to organizational behaviour and trait activation theory.

- ★ Personality is the relatively stable set of psychological characteristics that influences the way an individual interacts with his/her environment. It is reflected in the way people react to other people, situations, & problems. Dimensions & traits/attributes that are determined by genetic predisposition & one's log-term learning history.

- ★ The role of personality in organizational behaviour has often been debated in what is known as the *"person-situation debate."* This has led to three approaches:

    - ○ Dispositional approach (disposition and personality): Individuals possess stable traits/attributes or characteristics that influence their attitudes and behaviours ***(from within)***. Individuals are predisposed to behave in certain ways.

    - ○ Situational approach: Characteristics of the organizational setting such as rewards and punishment influence people's feelings, attitudes and behaviour ***(from environment)***.

    - ○ Interactionist approach (the most accepted perspective in OB): Organizational behaviour (individuals' attitudes & behavior) is a function of both disposition & the situation.

        - To predict & understand organizational behavior, we need to know about individuals' personality & the work setting.
        - Some personality characteristics are useful in certain organizational situations.
        - There is no one best personality.
        - Managers need to appreciate the advantages of employee diversity.
        - The importance of putting the right person in the right job/group/organization.

    - ○ Trait activation theory: traits lead to certain behaviours only when the situation makes the need for the trait.

- ★ Situations can be described as being either "weak" or "strong".

    - In **weak** situations, *roles* are vaguely defined, there are *few rules & weak reinforcement* & punishment contingencies. *Personality has the strongest effect.*

    - In **strong** situations… opposite. *The extend to which personality affects peoples' attitude and behavior depends on the situation.*

LO2.3 Discuss the *Five-Factor Model* of Personality.

- ★ The Five Factor Model of personality: **OCEAN**

Psychologists discovered that there are five basic & general dimensions that describe personality:

- ***O****penness to Experience*→ Curious, original vs. dull/boring, unimaginative. *Important for jobs that involve learning & creativity* given the tendency to be intellectual, curious, & imaginative and have broad interest.

- ***C****onscientiousness*→ Dependable/reliable, responsible vs. negligent, impulsive. *Important for job performance* on most jobs given the tendency towards hard work & achievement.

- ***E**xtraversion*→ Sociable, talkative, friendly vs shy, introverted, reserved. *Important for jobs that require interpersonal interaction* & where being sociable, assertive, energetic, & ambitious is important for success.

- ***A**greeableness*→ Tolerant, cooperative vs. cold, rude. Contribute to job performance in jobs that require interaction and involve helping, cooperating, and nurturing/supporting others as well as in jobs that involve teamwork and cooperation.

- ***N**euroticism/Emotional Stability*→ Stable, confident vs. depressed, anxious. Persons high on emotional stability will have + effective interactions with co-workers & customers as they tend to be more calm & secure.

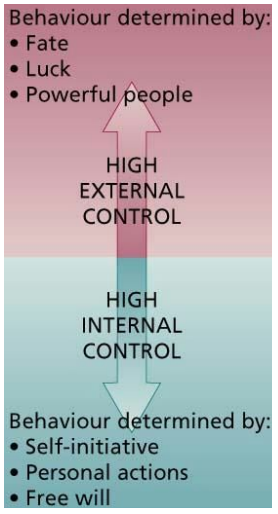
Research Support of the FFM of Personality: Each of the "Big Five" dimensions is related to job performance & *organizational citizenship behavior* (individual behavior that is discretionary; it is not explicitly recognized by the formal reward system, it promotes the effective functioning of the organization).

Conscientiousness is the best predictor of performance. The "Big Five" dimensions are also related to motivation, job & life satisfaction.

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

LO2.4 Describe & discuss the consequences of *locus of control*, *self-monitoring*, & *self-esteem*.

★ **Locus of control** is a set of beliefs about whether one's behaviour is controlled mainly by **internal** or **external** forces.



Internals believe that the opportunity to control their own behavior, resides within themselves. They are more satisfied with their jobs, more committed to their organization, earn more money, and achieve higher organizational positions. *High "internals" see stronger effects on their behaviour as a consequence of self-initiative.*

They perceive less stress. + career planning. They are + satisfied with their lives.

Externals believes that external forces determine their behavior. High "externals" see their behaviours controlled by factors like fate, luck & powerful people.

Self-monitoring is the extent to which people **observe** and **regulate** how they appear and behave in social settings and relationships.

- *Low self-monitors* act like they feel and say what they think without regard to the situation.

- *High self-monitors* behave somewhat like actors, taking great care to observe and control the images that they project. High self-monitors:

    - Concern for socially appropriate emotions and behaviors, and turn into social and interpersonal cues/signals.
    - Are not comfortable in ambiguous social settings in which is hard to determine what behaviors are socially appropriate.
    - High self-monitors gravitate to jobs that require role-playing and the use of their self-presentation skills.

- Are + involved in their jobs, perform better, +likely to emerge as a leaders.
- Experience + role stress and show - commitment to their organization.
- +likely to change employers and locations.

Self-esteem is the **degree** to which a person has a **positive self-evaluation**.

People with **high self-esteem** (more resilient) make more fulfilling career decisions and have higher job satisfaction and job performance. They have favourable self-images.

Employers with **low self-esteem** react badly to negative feedback *-it lowers subsequent performance*. According to **behavioural plasticity theory**, people with low self-esteem tend to be more susceptible to external & social influences than those who have high self-esteem.

LO2.5 Define *learning* and describe what is learned in organizations.

★ Learning occurs when practice or experience leads to a relatively permanent change in behavior potential. It is the practice or experience that prompts/produce learning stems / arises from an environment that provides feedback concerning the consequences of behavior.

What employees learn?

-**Practical Skills**: job specific skills, knowledge, technical competence
-**Intrapersonnal Skills**: problem solving, critical thinking, alternative work processes
-**Interpersonnal Skills**: Interactive skills (communicating, teamwork & conflict resolution)
-**Cultural awareness:** Social norms of org., company goals, business operations, expectations & priorities.

LO2.6 Explain *operant learning theory* & differentiate between *positive* & *negative reinforcements*.

How do people learn? (operant learning and social cognitive theory)

★ Operant learning theory the subject learns to operate on the **environment** to achieve certain consequences. It is learning by doing, by operating in the situation you learn to do the task better.

Reinforcement is the process by which *stimuli* strengthen behavior. It is a stimulus that follows some behavior and increases or maintains the probability of that behavior.

- **Positive Reinforcement** : **increases or maintains** the **probability** of some **behaviour** by the application or **addition** of a **stimulus** to the situation in question.

  Though + reinforcers tend to be pleasant stimuli, this is not always true since the resultant increase or maintenance of behaviour determines whether or not a given stimulus was a + reinforcer.

- **Negative Reinforcement: increases or maintains** the **probability** of some **behaviour** by the **remova**l of a **negative stimulus** from the situation in question.

  It occurs when a response prevents some event or stimulus from occurring. Removes an impediment to someones performance (I.e. restrictive workspace, noisy environment). The removed or prevented stimulus is a negative reinforcer.

Errors involving reinforcement:

- Confusing rewards with reinforces: rewards fail to serve as reinforces when they are not made contingent/possible on some specific desired behaviors.

- Neglecting important sources of reinforcement such as...

    - Performance feedback: involves providing qualitative or quantitative information on past performance for the purpose of changing or maintaining performance in specific ways. It is + effective when:

        - It is conveyed in a positive manner
        - Represented visually
        - Delivered immediately
        - Specific to the behavior.

    - Social recognition; involves informal acknowledgement, attention, praise, approval, or genuine appreciation for work well done for one individual or group to another.

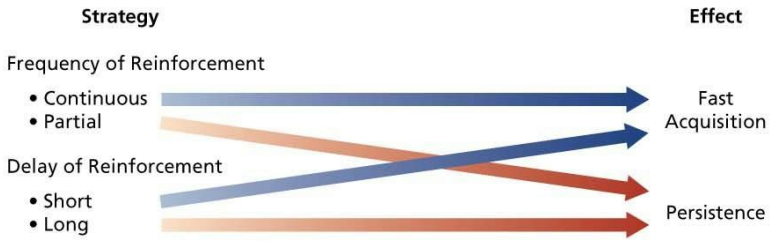
- Neglecting diversity in preferences for reinforces.

LO2.7 Explain when to use immediate versus delayed reinforcement and when to use continuous versus partial reinforcement.

- For <u>fast acquisition</u> of some response, *continuous* and *immediate* reinforcement should be used.

- Behaviour tends to be <u>persistent</u> when it is learned under conditions of *partial* and *delayed* reinforcement.

Exhibit 2.3
Summary of reinforcement strategies and their effects.



LO2.8 Distinguish between *extinction* and *punishment* and explain how to use punishment effectively.

<u>Strategies that reduce the probability of learned behavior:</u>

- **Extinction** is the **gradual dissipation** of **behaviour** following the **termination** of **reinforcement**. If the behaviour is not reinforced, it will gradually dissipate or be extinguished. Extinction works best when coupled with the reinforcement of some desired substitute behavior.

- **Punishment : application** of an **aversive stimulus** following unwanted behaviour to **decrease probability** of that **behaviour**. A nasty stimulus is applied after some undesirable behavior in order to decrease the probability of that behavior.

  Problems using punishment:
  - It does not demonstrate which behaviors should replace to punish response
  - Punishment indicates only what is not appropriate
  - Temporarily suppresses the unwanted behavior
  - Can provoke a strong emotional reaction

  Using it effectively:

- Limit the emotions involved in the punishment
- Provide and acceptable alternative response for the punished response
- Make sure the punishment is truly aversive
- Punish immediately or reinstate the circumstances surrounding the problem behavior at a more appropriate time.

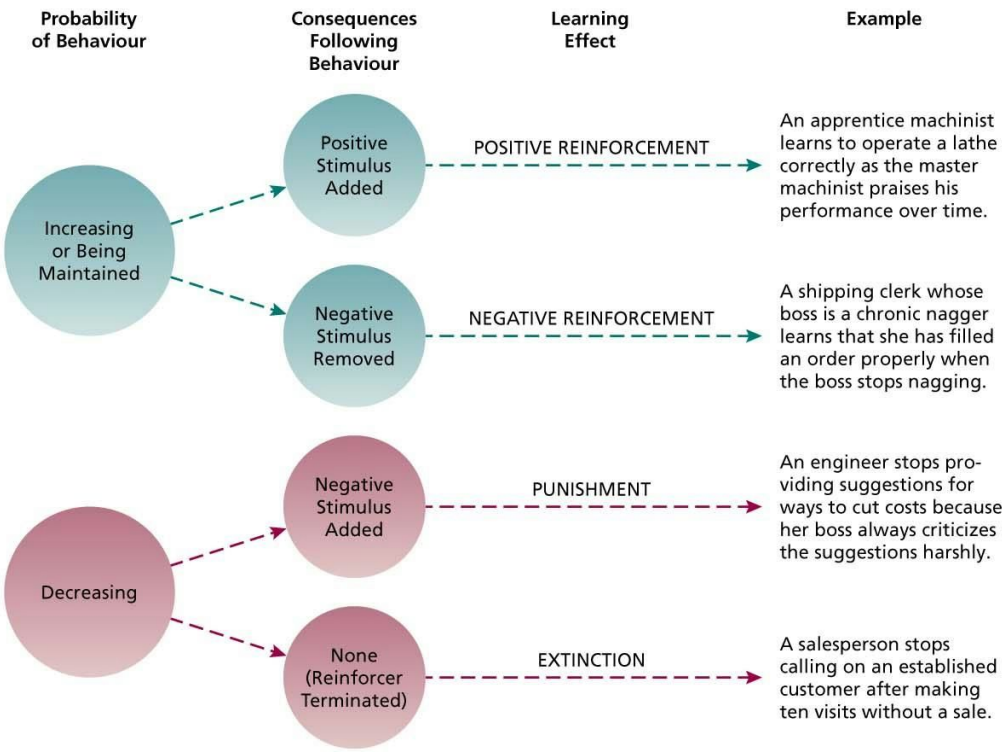


Exhibit 2.4
Summary of learning effects.

LO2.9 Explain *social cognitive theory* & discuss *observational learning*, *self-efficacy beliefs*, & *self-regulation*

★ **Social Cognitive Theory (emphasizes the role of cognitive processes in regulating people's behavior)** is when people **learn by observing** the behaviour of others.

Individuals also manage their own behaviour by thinking about the consequences of their actions, setting performance goals, monitoring their performance and comparing it to their goals, and rewarding themselves for goal accomplishment.

Human behaviour can best be explained through a system of triadic reciprocal causation in which ***personal*** & ***environmental*** factors work together & interact to influence people's ***behaviour.***

The three components for sustained SCT:

Observational Learning: The process of observing and immitating the behaviour of others:

- Seeing the consequences they experience
- Thinking what may happen if we act the same way
- Imitating the behavior if we expect favourable consequences

The reinforcement is self-reinforcement: Attractive, credible, competent, high-status people are most likely to be imitated.

Self-efficacy refers to **beliefs people have** about their **ability to successfully perform a specific task** (u have to believe you can do it). It is a cognitive belief that is task specific & it is the result of 4 sources of information: performance mastery; observation; verbal persuasion & encouragement; & physiological state

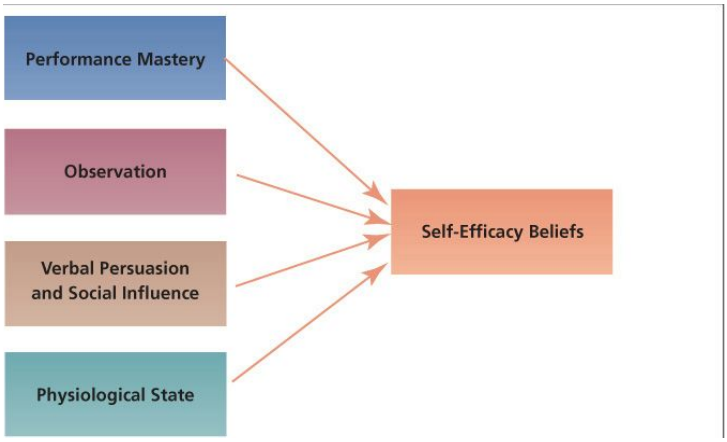


EXHIBIT 2.5
Determinants of self-efficacy beliefs.

Self-efficacy beliefs influence the activities people choose to perform, the amount of effort and persistence devoted to a task, affective and stress reactions, and job performance.

Self-regulation involves **observing** your **own behaviour**, comparing it to a standard **(model)**, and rewarding oneself (self-reinforcement) when behavior meets the standard.

- *Discrepancy reduction* and *discrepancy production* lie at the heart of the self-regulatory process.
    - Discrepancy reduction: A discrepancy between one's goals and performance which motivates one to modify their behaviour.
    - Discrepancy production: When individuals attain their goals they are likely to set higher and more challenging goals.
- Self-regulation involves the following activities:
    - Collect self-observation data
    - Observe models
    - Set goals
    - Rehearse
    - Reinforce oneself
- Self-regulation can improve learning and result in a change in behaviour.
- Self-regulation training has been shown to improve work attendance and sales performance.
- Self-regulation has been shown to change a variety of behaviours and it is an effective method of learning and training.

Chapter 3- Perception, Attribution, & Diversity

LO3.1 Define *perception* & discuss some of the general factors that influence it.

★ **Perception** is the process of interpreting the messages of our senses to provide *order* and *meaning* to the environment.

People base their actions on the interpretation of reality that their perceptual system provides, rather than on reality itself. *Among the most important perceptions that influence organizational behaviour are the perceptions that organizational members have of each other.* Components of perception (each component influences the perceiver's impression):

Exhibit 3.1
Factors that influence perception.

- **Perceiver:** Past *experiences* lead the perceiver to develop expectations that affect current perceptions. *Emotions* can influence our perceptions.

  Perceptual defense:

  - Tendency for the perceptual system to defend the perceiver against unpleasant emotions.
  - People often "see what they want to see" & "hear what they want to hear"
  - Our perceptual system works to ensure we do not see or hear things that are threatening

- **Situation:** Add info about the target (the most important effect). The perception of the target can change when the situation change even when the perceiver & the target remain the same.

  Perception occurs in some situational context; this context can affect what is perceived

- **Target:**

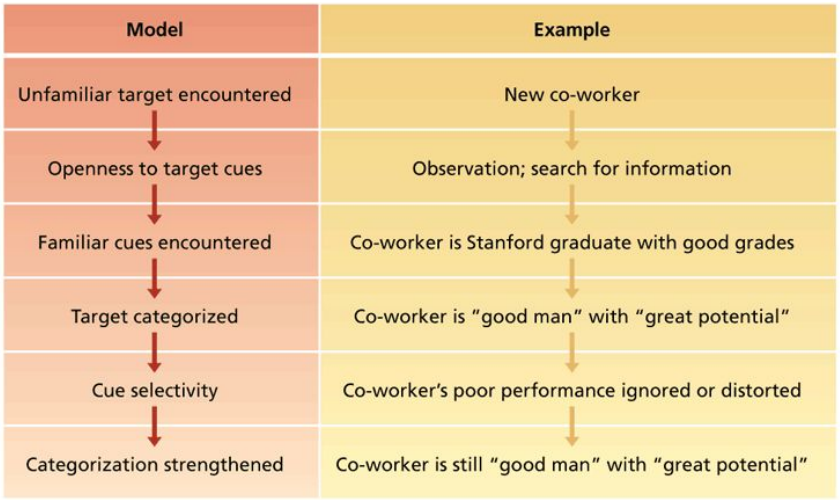
  - Ambiguous targets are especially susceptible to interpretation and the addition of meaning.
  - The perceiver does not or cannot use all the information provided by the target.
  - A reduction in ambiguity might not be accompanied by greater accuracy.

LO3.2 Describe *Bruner's model* of the perceptual process.

Bruner's model of the perceptual process.

- When the perceiver encounters an unfamiliar target, the perceiver is very open to the informational cues (senses) in the target and the situation.
- The perceiver will actively seek out cues to resolve ambiguity.
- As the perceiver encounters some familiar cues, a crude categorization of the target is made.
- The search for cues then becomes less open and more selective.
- The perceiver will search for cues that confirm the categorization of the target.
- As the categorization becomes stronger, the perceiver will ignore or even distort cues that violate initial perceptions.

EXHIBIT 3.3
Bruner's model of the perceptual process and an example.



Bruner's model demonstrates three important characteristics of the perceptual process:

- Perception is selective (pick-n-choose): Perceivers don't use all the available cues
- Perceptual constancy: The tendency for the target to be perceived in the same way over time & across situations.
- Perceptual consistency: We want things to be the same. Tendency to select, ignore, and distort cues so that they fit together to for a homogeneous picture of the target.

LO3.3 Describe the main biases in person perception.

★ **Biases (precoincived notion of something) in person perception**

- Primacy and recency effects
    - **Primacy** is the tendency for perceivers to rely on early cues or first impressions. It can have a lasting impact. *It is also a form of selectivity and its lasting effects illustrate the operation of constancy.*
    - **Recency** the tendency to rely on the recent cues or last impressions (li count +)

- Reliance on central traits (powerful influence on our perception of others)
    - Could be physical appearance.
    - Personal characteristics of a target person that are of interest to a perceive.
    - Conventionally attractive people fare better in term of job-related outcomes.
    - Physical height is an obvious aspect of physical appearance that is related to job performance, promotion, and career success. Overweight →negatively evaluated

- **Implicit personality theory**: personal theories that people have about which *personality characteristics go together*. I.e. we expect that hard working people to also be honest, or people of avg intelligence to be most friendly.

- **Projection (tendency to find some familiarity): attributing your own feelings** and thoughts to **others**.

- **Stereotyping** is the **tendency to generalize** about people in a **social category** and **ignore variations** among them (ex. all scientist are bright and all football players are ignorant.) Specific aspects to stereotyping:
    - We distinguish some category of people.
    - We assume that the individuals in this category have certain traits.

- We perceive that everyone in this category possesses these traits (generalization).

Stereotypes help us develop impressions of ambiguous targets. Most stereotypes are inaccurate, especially when we use them to develop perceptions of specific individuals.

Inaccurate stereotypes are often reinforced by selective perception.

LO3.4 Describe how people form *attributions* about the causes of behaviour.

LO3.5 Discuss various biases in attribution.

★ **Attribution Theory:** attribution is the process by which we **assign causes or motives to** explain people's behaviour. An important goal is to determine whether some behavior is caused by dispositional or situational factors.

- **Dispositional attributions**: person acts a certain way because of **internal characteristics** (personality, values, intelligence, desires, etc.)

- **Situational attributions**: person acts a certain way because of the situation or the **environment** (bad weather, good luck, poor advice)

Three attribution questions:

- Does the person engage in the behaviour regularly & consistently? *(Consistency cues).*
  - Attribution cues that reflect how consistently a person engages in a behaviour over time.
  - High consistency behaviour leads to *dispositional attributions.* Behavior does not change over time.
  - When behaviour occurs inconsistently, we begin to consider *situational attributions.*

- Do most people engage in the behaviour, or is it unique to this person? (*Consensus* cues).
  - Attribution cues that reflect how a person's behavior compare with that of others.
  - Low concensus behavior leads to dispositional attributions (does not matter how the other people are, behavior does not change.)

- Does the person engage in the behaviour in many situations, or is it distinctive/uncommon to one particular situation? (*Distinctiveness* cues).
  - Attribution cues that reflect the extent to which a person engages in some behaviour across a variety of situations.
  - Low distinctiveness behaviour leads to a dispositional attribution. So, his/her behavior is due to his personality.
  - When a behaviour is highly distinctive, in that it occurs in only one situation, we are likely to assume that some aspect of the situation caused the behaviour.
  - Behavior depends of situation.

  Examples:

- *Roshani* is absent a lot, her co-workers are seldom absent, & she was absent a lot in previous jobs.
  - Consistency: High
  - Concensus: Low
  - Distinctiveness: Low
  - Attribution: Disposition

- *Mika* is absent a lot, her co-workers are also absent a lot, but she was almost never absent in her previous job.
  - Consistency: Low
  - Consensus: High

- Distinctiveness: High
- Attribute: Situation

- *Sam* is seldom absent, her co-workers are seldom absent, and she was seldom absent in her previous job.
  - Consistency: High (dispositional)
  - Consensus: High (situational)
  - Distinctiveness: Low (dispositional)
  - Attribution: Temporary situation

EXHIBIT 3.4
Cue combinations and resulting attributions.

	Consistency	Consensus	Distinctiveness	Likely Attribution
Roshani	High	Low	Low	Disposition
Mika	High	High	High	Situation
Sam	Low	High	Low	Temporary Situation

Biases in attribution

- **Fundamental attribution error**: the tendency to **overemphasize dispositional explanations** for behaviour at the **expense of situational explanations.** We often observe people in constrained and constant situations and fail to realize that observed behavior is distinctive to a particular situation.

- **Actor (the one doing) - Observer (the one watching) Effect** the tendency for actors & observers to view the causes of the actor's behaviour differently. *Actors are prone to attribute much of their own behaviour to situational factors while observers are more likely to invoke dispositional causes.*

- **Self-serving bias (opposite to the later)** is the tendency to **take credit** for **successful outcomes** and to **deny responsibility for failures**.

LO3.6 Discuss the concepts of *workforce diversity* and valuing diversity.

★ **Workforce diversity** refers to differences among employees or potential recruits in characteristics such as race, gender, age, religion, cultural background, physical ability, and sexual orientation. *Different points of view means value.*

- The number of visible minorities in Canada is expected to double by 2017.
- In less than a decade, 48 percent of the working-age population will be between the ages of 45 & 64
- The increased emphasis on teamwork as a means of job design and quality enhancement also requires people from different cultures to work together.

Valuing diversity: A critical motive for valuing diversity is the **basic fairness/equity** of valuing diversity. In addition, there is increasing awareness that diversity.

- Its proper management can yield strategic and **competitive advantages** (cost, ressource-aquisition, marketing (Disney), creativity, problem solving).
- Organizations with more gender-diverse management teams have superior financial performance.

What can organizations do to achieve and manage a diverse workforce?

- Select enough minority members to get them beyond token status.
- Encourage teamwork that brings minority and majority members together.
- Ensure that those making career decisions about employees have accurate information about them.
- Train people to be aware of stereotypes and to value diversity.

Example (Boeing Canada):

- Diversity days.
- Diversity training.
- Language and ASL training.
- Monthly awareness campaigns.
- Aboriginal recruitment.
- Women's committee.
- Partners with the Society for Manitobians with Disabilities (SMD)
- Job shadowing.
- Volunteer employment equity and diversity team.

Diversity Training Programs:

- Awareness training should be accompanied by skills training that is relevant to the particular needs of the organization.
- What is most important is that they integrate diversity into all of its policies and practices rather than treat diversity as a stand-alone practice.
- Organizations that have been successful in managing diversity have an inclusive culture that values individual differences.

Chapter 4- Values, Attitudes & Work Behaviour

LO4.1 Define *values* and discuss the implications of cross-cultural variation in values for organizational behaviour.

★ **Values** are broad tendencies to prefer certain *states of affairs/events* over others. What we consider good or bad (cross cultural variation).

- Values are motivational; they signal how we believe, we should & should not behave.
- Values are very general; *they do not predict behavior in specific situations very well.*
- People tend to hold values structured around such factors as achievement, power, autonomy, conformity, tradition, and social welfare.

Generation	Percentage of Workforce	Assets in the Workplace	Leadership Style Preferences
Traditionalists Born 1922–1945	8%	Hard working, stable, loyal, thorough, detail-oriented, focused, emotional maturity	Fair, consistent, clear, direct, respectful
Baby Boomers Born 1946–1964	44%	Team perspective, delicated, experienced, knowledgeable, service-oriented	Treat as equals, warm and caring, mission-defined, democratic approach
Generation X Born 1965–1980	34%	Independent, adaptable, creative, techno-literate, willing to challenge the status quo	Direct, competent, genuine, informal, flexible, results-oriented, supportive of learning opportunities
Millennials Born 1981–2000	14% and increasing rapidly	Optimistic, able to multitask, tenacious, technologically savvy, driven to learn and grow, team-oriented, socially responsible	Motivational, collaborative, positive, educational, organized, achievement-oriented, able to coach

The value differences between generations might underlie the differential workplace assets and preferences for leadership style.

★ **General stereotypes on generations:**

- **Traditionalists**: Respectful of authority and a high work ethic.
- **Boomers**: Optimistic workaholics. Not true, they got paid a lot for less than now.
- **Gen X**: Cynical, confident, and pragmatic.
- **Gen Y**: Confident, social, demanding of feedback, and somewhat unfocused (not focused in a singular objective).

★ **Generational differences in values:**

- Some indication that Gen X and Y are more inclined to value money, status, and rapid career growth than are boomers.
- Gen Ys and Xers, compared to Boomers, see work as less central, value leisure more, and are more inclined toward work-life balance.
- All work generations share the same values but express them differently.
- Generational differences in work values or the way values are expressed is important because a good "fit" between a person's values and those of the organization (person-organization fit) leads to more positive work attitudes and behaviours, including reduced chances of quitting.

★ **Cultural differences in values:** A lack of understanding of cross-cultural differences can cause foreign assignments to terminate early and business negotiations to fail.

★ **Work Centrality:**

- Work is valued differently across cultures.
- There are cross-national differences in the extend to which people perceive work as a central life interest.
- People for whom work was a central life interest work more hours.
- Cross-cultural differences in work centrality can lead to adjustment problems for foreign employees and managers.

★ **Hofstede discovered four basic dimensions along which work-related values differed across cultures:**

- **Power distance:** unequal distribution of power is accepted by society members.

  Small power distance cultures, inequality is minimized, **superiors are accessible** and power differences are downplayed.

  Large power distance societies, inequality is accepted as natural**, superiors are inaccessible** and power differences are highlighted.

  Out of 76 countries and regions, Canada and the US rank 15 and 16, falling on the low power distance side of the average.

- **Uncertainty avoidance:** The extend to which people are uncomfortable with uncertain & ambiguous situations.

  Strong uncertainty avoidance cultures **stress** rules and regulations, hard work, conformity and security.

  Weak uncertainty avoidance cultures are **less concerned** with rules, conformity, and security, and hard work is not seen as a virtue.

- **Masculinity/Femininity:**

  Masculine cultures differentiate gender roles, support dominance of men and stress economic performance

Feminine cultures accept fluid gender roles, stress sexual equality and quality of life.

In Hofstede's research, Japan is the most masculine society. The Scandinavian countries are the most feminine. Canada ranks about mid-pack & States is fairly masculine falling about halfway between Canada & Japan.

- **Individualism/Collectivism**

  Individualism: stress independence, individual initiative, and privacy (good fences good neighbours.)

  Collectivism: stress interdependence and loyalty to family

Subsequent work with Canadian Michael Bond that catered more to Eastern cultures resulted in a fifth dimension:

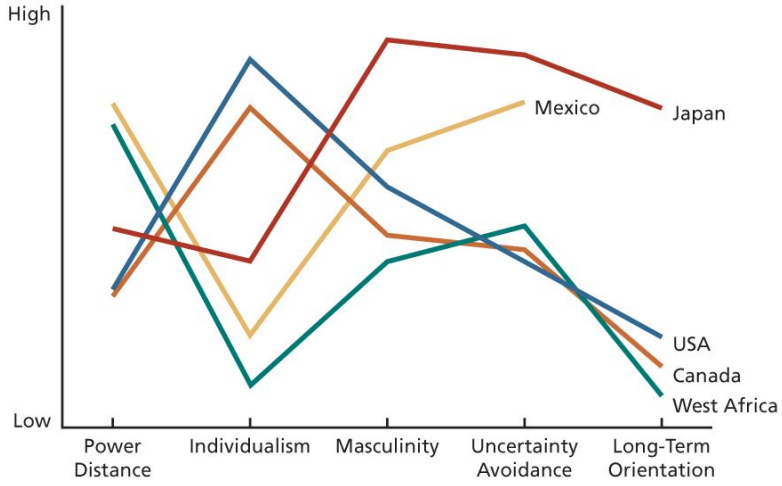
- **Long-term/Short-term orientation**

  Long-term orientation cultures tend to **stress persistence, perseverance**, thrift/frugality, and close attention to status differences.

  Short-term orientation cultures **stress personal steadiness and stability**, face-saving, and social niceties/refinement.

  Hofstede and Bond argue that the log-term orientation, in part, explains prolific/productive East Asian entrepreneurship.

Cross-Culture Value Comparisons



★ **Implications of cultural variation.**

Exporting OB theories:

- *The basic questions remain the same – it is the answers that will differ.*
- OB theories, research, & practices from N. America might not translate well to other societies.
- Managers in North America encourage participation in work decisions by employees which corresponds to a fairly low degree of power distance.

Importing OB theories:

- *Not all theories & practices that concern OB are designed in N. America or in the West.*

- *The most obvious examples are "Japanese management" techniques, such as quality circles, total quality management, and just-in-time production.*
- Organizations need to tailor management practices to the home culture's concerns.

Companies need to select, train, and develop employees to have an appreciation of differences in cultural values and the implications of these differences for behaviour in organizations.

LO4.2 Define *attitudes* and explain how people develop and change attitudes.

★ **Attitude** is a fairly stable evaluative tendency to respond consistently to some specific object, situation, person, or category of people.

- Attitudes involve evaluations directed toward specific targets.
- They are more specific than values.
- Attitudes often influence our behaviour toward some object, situation, person or group:
  Values + Beliefs (can change)→ Attitude → Behaviour
- Attitudes are not always consistent with behavior.
- Behavior is most likely to correspond to attitudes when people have direct experience with the target of the attitude is held confidently.
- Attitudes are a function of what we think and what we feel.
- Attitudes are the product of a related belief & value (*Belief* + *Value* → *Attitude* → *Behaviour*). I.e., a person experiencing work-family conflict:
  - "My job is interfering with my family life." (Belief)
  - "I dislike anything that hurts my family." (Value)
  - "I dislike my job." (Attitude)
  - "I'll search for another job." (Behaviour)

LO4.3 Explain the concept of *job satisfaction* and discuss some of its key contributors, including discrepancy, fairness, disposition, mood, and emotion.

★ **Job satisfaction:** A collection of attitudes/feelings that workers have about their jobs. It results from an evaluation of the job in general. Two aspects of satisfaction:

- Facet satisfaction: tendency for an employee to be more or less satisfied with various facets such as, the work itself, compensation, recognition, supervision, organizational policy, benefits.
- *Overall satisfaction* is a summary indicator of a persons' attitude toward his/her job that cuts across various facets. I.e.: two employees might express the same level of satisfaction for different reasons.

  The *Job Descriptive Index* is a popular measure of job satisfaction. It is designed around five facets of satisfaction: people, pay, supervision, promotions, and the work itself.

What determines job satisfaction?

- According to **discrepancy theory**, job satisfaction is a function of the discrepancy between the job outcomes people want and the outcomes they perceive that they obtain. Discrepancy between **what you think you should receive** VS **what you actually receive (expected vs obtained).**

- **Fairness** (me compared to another): Issues of fairness affect both what people want from their jobs and how they react to the inevitable discrepancies of organizational life.

  - **Distributive fairness** is the fairness that occurs when people **receive** the **outcomes they think they deserve from their jobs** (outcomes we receive). It involves the ultimate distribution of work, rewards and resources.

    Equity theory (a way of understanding how people determine what is fair): job satisfaction stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group:

    $$\frac{\text{My outcomes}}{\text{My inputs}} = \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

    Inputs (whatever u bring to a job) refer to anything that people offer, or trade to their organization in exchange for outcomes (e.g., education).

    Outcomes are factors that an organization distributes to employees in exchange for their inputs (e.g., pay).

    The **other** in the ratio might be a co-worker performing the same job, a number of co-workers, or even one's conception of all the individuals in one's occupation.

    - *The equity concept suggests that outcomes should be tied to individual contributions or inputs.*
    - This corresponds with the *individualistic* North American culture.
    - *Equality of outcomes and the need for outcomes might be more important for distributive fairness in other cultures.*

  - **Procedural fairness** is the fairness that occurs when the **process to determine work outcomes is seen as reasonable**. *It is particularly relevant to outcomes such as performance evaluations, pay raises, promotions, layoffs, and work assignments.*

    It is concerned with how outcomes are decided and allocated. In allocating outcomes, the following factors contribute to perceptions of procedural fairness:

    - Follows consistent procedures over time and across people.
    - Uses accurate info and appears unbiased.
    - Allows two-way communication during the allocation process.
    - Welcomes appeals of the procedure allocation.

    Procedural fairness is especially likely to provoke dissatisfaction when people **also see** distributive fairness as being low.

    Dissatisfaction will be maximized when people believe that they would have obtained better outcomes if the decision maker had used other procedures that should have been implemented.

  - **Interactional fairness** is the fairness that occurs when people **feel** they have **received respectful** and informative communication about an **outcome** (treatment).

    Interactional fairness is important because it is possible for absolutely fair outcomes or procedures to be perceived as unfair when they are inadequately or uncaringly explained. Both procedural and interactional fairness can to some extent offset the negative effects of distributive unfairness.

- According to the **dispositional** view of job satisfaction, some people's inherent personality traits allow them to be more or less satisfied despite changes in discrepancy and fairness.
    - People who are **extraverted** and conscientious tend to be **more satisfied** with their jobs.
    - Those high in neuroticism are less satisfied. they are more anxious.
    - People who are high in self-esteem and **internal locus of control** are more satisfied.
    - *In general, people who are optimistic and proactive report higher job satisfaction.*
    - *Mood and emotion may contribute to this connection*

- **Moods/temper** are the **less intense** than emotions, however, they are more diffused and **longer-term** feelings.

- **Emotions** (joy, anger, sadness) are **intense**, **short-term** feelings resulting from a particular event such bad performance appraisal/evaluation.
    - *Mood and emotion can also influence job satisfaction through emotional contagion (the tendency for moods and emotions to spread between people or throughout a group.)*
    - Mood and emotion can also influence job satisfaction through the need for emotional regulation (the requirement for people to conform to certain "display rules" in their job behaviour in spite of their true mood or emotions.)
    - In some jobs, employees must exaggerate positive emotions while in others they must suppress negative emotions (emotional labour)

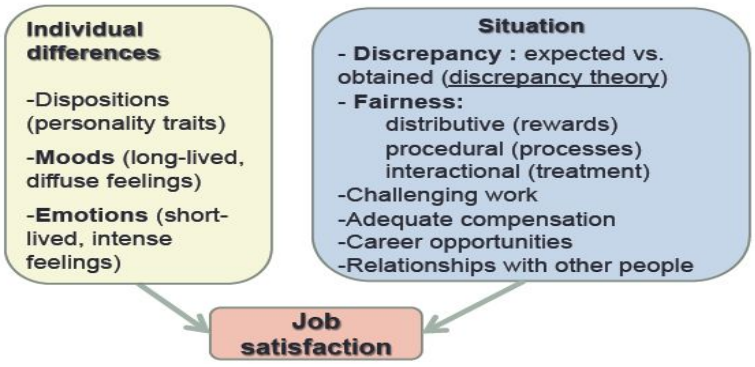
  Consequences of Emotional Regulation

    - The frequent need to suppress negative emotions and fake emotions can lower job satisfaction and increase stress.
    - Some research suggests that the need to express positive emotions improves job satisfaction.

  Determinants of job satisfaction: Summary.

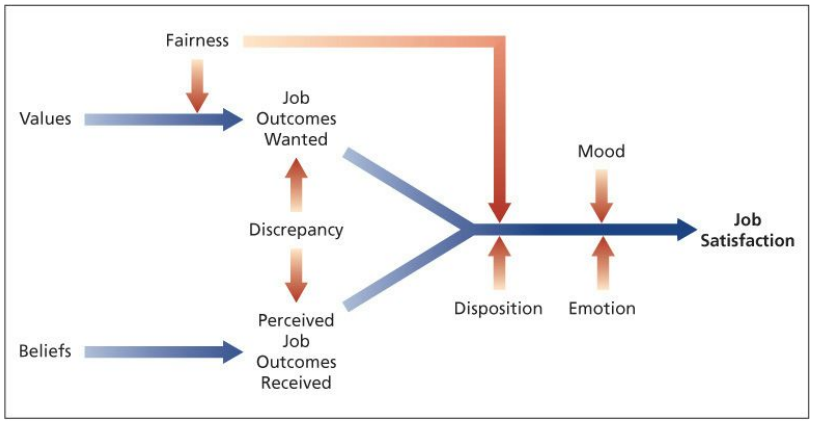
Job satisfaction is a function of:

- **Discrepancy between the job outcomes a person wants & the outcomes received**
- **Fairness and equity**
- **Dispositional factors**
- **Mood and emotion**



LO4.4 Explain the relationship between job satisfaction and absenteeism, turnover, performance, organizational citizenship behaviour, and customer satisfaction.

EXHIBIT 4.6
How discrepancy, fairness, disposition, mood, and emotion affect job satisfaction.



★ **Job satisfaction on absenteeism/turnover/performance**: Higher job satisfaction→lower absenteeism and lower turnover (employee leaving the office permanently) and higher performance but it depends (not a perfect relationship-external factors such as skill).

Key Contributions to Job Satisfaction:

The facets that seem to contribute the most to feelings of job satisfaction for most North American workers include:

Mentally challenging work

- Refers to work that tests employees' skills and abilities, allows them to set their own working pace, and provides them with clear performance feedback.
- Employees usually perceive such work as personally involving and important.
- Some employees prefer repetitive, unchallenging work that makes few demands on them.

Adequate compensation

- Pay and satisfaction are positively related.
- Most employees expect to receive an adequate amount of compensation
- However, not everyone is equally desirous of money and some people are willing to accept less responsibility or fewer working hours for lower pay.

Career opportunities

- The availability of career opportunities and opportunities for promotion are important contributors to job satisfaction
- Promotions contain material and social signals about a person's self-worth.

People (friendly or helpful colleagues)

- Friendly, considerate, good-natured superiors and co-workers contribute to job satisfaction.
- The ability of others to help us do our work and attain outcomes that we value also contributes to job satisfaction.
- The friendliness aspect is most important in lower-level jobs with clear duties and in dead-end jobs.

Consequences of Job Satisfaction:

Absence from work

- Absenteeism (not fully being engaged in our work) is an expensive behaviour.
- Less satisfied employees are more likely to be absent.
- Satisfaction with the content of the work is the best predictor of absenteeism.
- The absence-satisfaction connection is not very strong.
- Several factors constrain the ability of many people to convert their like or dislike of work into corresponding attendance patterns:
    - Some absence is unavoidable.
    - Some organizations have attendance control policies that influence absence more than satisfaction does.
    - It might be unclear to employees how much absenteeism is reasonable or sensible.

Turnover

- Turnover (when people quit) refers to resignation from an organization and it can be very expensive.
- Research indicates a moderately strong connection between job satisfaction and turnover.
- Less-satisfied workers are more likely to quit.
- The relationship is far from perfect.

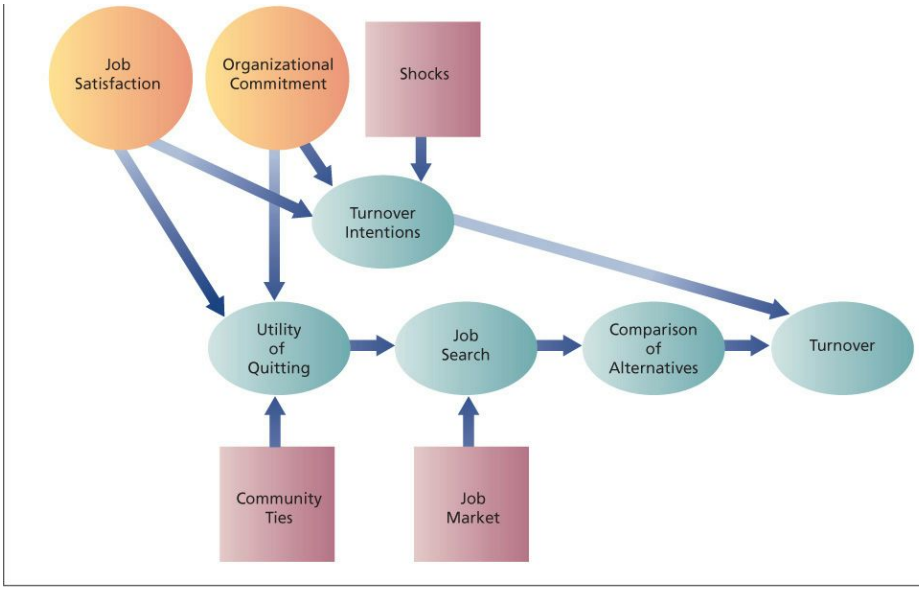


EXHIBIT 4.8
A model of employee turnover.

- The model shows that job satisfaction as well as commitment to the organization and various "shocks" can contribute to intentions to leave.
- Research shows that such intentions are very good predictors of turnover.

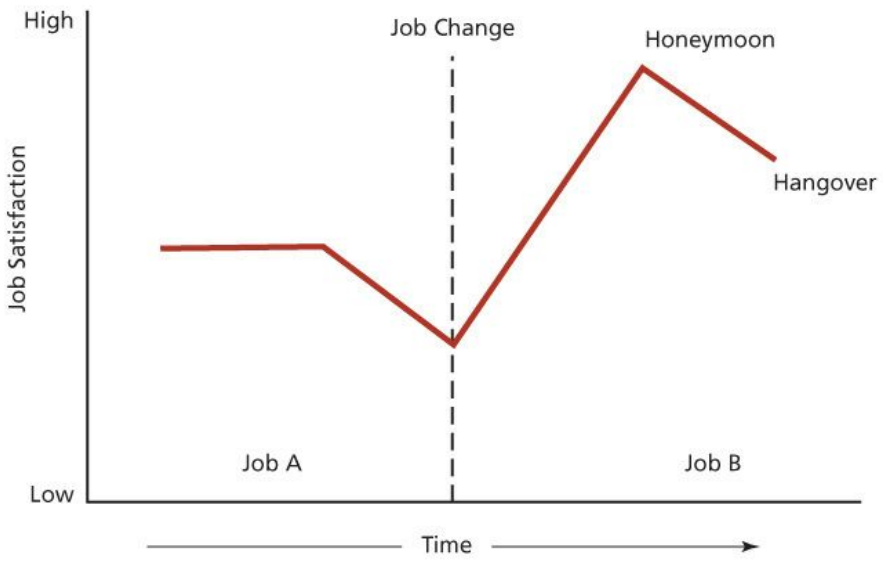
Why do satisfied people sometimes quit their jobs and dissatisfied people stay?

- Certain "shocks" might stimulate turnover despite satisfaction with the current job.

- An employees' dissatisfaction with his or her job might be offset by a strong commitment to the overall values and mission of the organization.
- An employee might be so embedded in the community that he or she is willing to endure a dissatisfying job rather than move
- A weak job market might result in limited employment alternatives.

The Honeymoon-Hangover effect

- A decrease in job satisfaction often precedes turnover, and those who quit experience a boost in job satisfaction on their new job.
- Some of this boost might be due to a "honeymoon effect," in which the bad facets of the old job are gone, the good facets of the new job are apparent, and the bad facets of the new job are not yet known.
- Over time, as the bad facets of the new job are recognized, a "hangover effect" can occur in which overall satisfaction with the new job decreases.



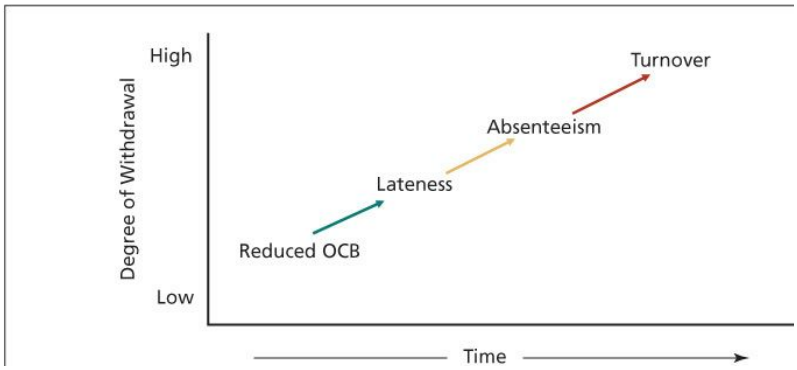
The honeymoon–hangover effect.
Source: Drawing by the authors, based on Boswell, W.R., Boudreau, J.W., & Tichy, J. (2005). The relationship between employee job change and job satisfaction: The honeymoon–hangover effect. *Journal of Applied Psychology, 90,* 882–892.

Organizational citizenship behaviour

- OCB is an individual behavior that is voluntary; it is not explicitly recognized by the formal reward system, it promotes the effective functioning of the organization (something that u want to do because u want to do it to help your organization.)
- The defining characteristics of OCB:
    - The behaviour is voluntary.
    - The behaviour is spontaneous.
    - The behaviour contributes to organizational effectiveness.
    - The behaviour is unlikely to be explicitly picked up and rewarded by the performance evaluation system.
- Fairness seems to be the key.
- Although distributive fairness is important, procedural and interactional fairness from a supportive manager seem especially critical.
- As a result, some firms now try to formally recognize OCBs.
- Examples of OCB : Helping another worker, being friendly and cooperative, volunteering for extra

work, and conscientious attention to detail = GOOD OCB

EXHIBIT 4.10
Progression of withdrawal



Customer satisfaction and profit

- Organizations with higher average levels of employee satisfaction are more effective.
- The same applies to units within larger organizations

How does employee satisfaction translate into customer satisfaction?

- Reduced absenteeism and turnover contribute to the seamless delivery of service.
- OCBs stimulate good teamwork.
- A good mood among employees can be contagious for customers.

Performance (QUESTION)

- Research has found that job satisfaction is associated with higher job performance.
- However, the connection is complicated; many factors influence motivation and performance besides job satisfaction.
- The most important satisfaction facet for stimulating performance is the content of the work itself (if the work interesting that would be the best facet to stimulate performance).
- The connection between job satisfaction and performance is stronger for complex, high-tech jobs and less strong for more routine labour jobs
- Although job satisfaction contributes to performance, performance could also contribute to job satisfaction
- When good performance is followed by rewards, employees are more likely to be satisfied
- Many organizations do not reward good performance sufficiently
- Thus, research indicates that satisfaction is + likely to affect performance, rather than the reverse.

LO4.5 Differentiate *affective*, *continuance*, and *normative commitment* and explain how organizations can foster organizational commitment.

★ Commitment

Organizational commitment is an *attitude that reflects the strength of the linkage between an employee and an organization*. This linkage has implications for whether someone tends to remain in an

organization. Three different types of Organizational Commitment:

- **Affective commitment** Commitment based on a person's identification & involvement with an organization. People with high affective commitment stay with an organization bcause they want to.

  Key contributors

  - The best predictor of affective commitment is interesting, satisfying work of the type found in enriched jobs
  - Role clarity & having one's expectations met after being hired also contribute to affective commitment.

- **Continuance** is based on the **costs** that would be **incurred in leaving** an organization (**you have to be there**). People with high continuance commitment stay with an organization because they have to.

  Key contributors

  - Continuance commitment occurs when people feel that leaving the organization will result in personal sacrifice or they perceive that good alternative employment is lacking.
  - Building up "side bets" can lock employees into organizations even though they would rather go elsewhere.
  - (The longer a person is with an organization, the more likely is his/her continuance) Continuance commitment increases with the time a person is employed by an organization.

- **Normative commitment** is based on ideology or a **feeling of obligation** to an organization (**you feel you should be there**). People with high normative commitment stay with an organization because they think that they should do so (political parties, NGOs, family businesses.)

  Key Contributors

  - Normative commitment can be fostered by benefits that build a sense of obligation to the organization. Volunteering.
  - Strong identification with an organization's product or service can also foster normative commitment.
  - Socialization practices that emphasize loyalty to the organization can stimulate normative commitment.

Consequences of Organizational Commitment

- All three forms of commitment reduce turnover intentions and actual turnover
- Affective commitment is positively related to performance
- Continuance commitment is negatively related to performance. (you do everything in your power to never get fired, so performance drops)
- An especially bad combination for both the employee and the organization is high continuance commitment coupled with low affective commitment.

Is there a downside to organizational commitment?

- Very high levels of commitment can cause conflicts between family life and work life.
- High levels of commitment have often been implicated in unethical and illegal behaviour.
- High levels of commitment to a particular form or style of organization can cause a lack of innovation and lead to resistance when a change in culture is necessary.

$50/h

30 $1500 $50/h

35h 1600 $46/h

Culture

Attitude toward work

Recommendation… OB speak the ratio of outcomes and inputs is fair 1 and 2 but not btw 2 and 3

Can these employees with similar education and experience, doing the same job be paid different salaries? why?

- number of hours
- Conciessiouness

Chapter 5- Theories of Work Motivation

LO5.1 Define *motivation*, discuss its basic properties, and distinguish it from *performance*.

★ **Motivation** is the extent to which persistent effort is directed toward a goal. *The four basic characteristics of motivation are:*

1. The amount of **effort** the person exhibits in the job: the strength of the person's work related behavior.

2. The **persistence** that individual exhibit in applying effort to their work tasks.

3. The extend to which worker's channel their persistence effort in a **direction** that benefits the organization. Motivation means working smart as well as working hard.

4. All motivated behavior has some **goal** or objective toward which is directed. Goals might include high productivity, good attendance, or creative decisions. Employees goals are sometimes contrary to the objectives of the organization (absenteeism, sabotage, embezzlement.)

Motivation is especially important in contemporary organizations:

- Need for increased productivity
- Global competitiveness
- Rapid changes
- Need for flexibility
- Attention to customers

LO5.2 Compare and contrast *intrinsic* and *extrinsic* motivation and describe *self-determination theory, autonomous motivation, and controlled motivation*.

- **Intrinsic (autonomous) motivation** stems/arises from the direct relationship between worker and task, usually self-applied (**reasons from within**). I.e., feelings of achievement, accomplishment, challenge, and competence derived from performing one's job, and the interest in the job itself.

- **Extrinsic motivation** stems from the work environment **external** to the task usually applied by others (**reasons from outside**). I.e., pay, policies, and various forms of supervision.

- *The availability of extrinsic motivators can reduce the intrinsic motivation stemming from the task itself. Both kinds of rewards are important and compatible in enhancing work motivation.*

- **Self-determination theory** is the theory of motivation that considers whether people's motivation is **autonomous (intrinsic) or controlled (extrinsic)**. Intrinsic and extrinsic motivation are used to explain what motivates people and whether motivation is autonomous or controlled.

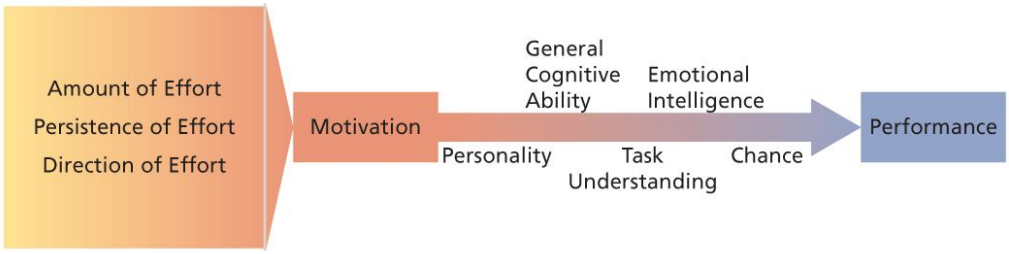
- **Autonomous (intrinsic) motivation (SDT)** is when people are **self motivated by intrinsic** factors. Individuals are engaged in a task because they choose to be and their actions are **internally** regulated. *It is also related to other work outcomes such as positive attitudes and psychological well-being. Autonomous motivation facilitates effective performance, especially on complex tasks.*

- **Controlled (extrinsic) motivation (behavior is externally controlled)** is when people are motivated to obtain a desired consequence or extrinsic reward, they are **motivated by an external force.** When motivation is controlled, individuals feel they have no choice and they have to engage in a task.

LO5.3 Explain and discuss the different factors that predict *performance* and define *general cognitive ability* and *emotional intelligence*.

★ **Performance** the extent to which an organizational member contributes to achieving the objectives of the organization *(conscientiousness linked to performance)*.

Factors Contributing to Individual Job Performance



Factors that predict performance:

- **General cognitive ability** refers to a person's basic information processing capacities and cognitive resources **(intelligence)**. An individual's overall capacity and efficiency for processing information.

  It also includes a number of cognitive abilities (verbal, numerical, spatial) required to perform mental tasks. *Good predictor of learning, training, career success, job performance.*

- **Emotional Intelligence** the ability to understand and **manage one's own and others' feelings and emotions** (involves empathy and self regulation).

  It involves the ability to: manage emotions in oneself and others
  understand and reason about emotions
  assimilate emotions in thoughts
  perceive and express emotion

  Peter Salovey and John Mayer developed an EI model that consists of four interrelated sets of skills or branches that represent sequential steps that form a hierarchy:

- *Perceiving emotions* accurately in oneself and others (basic level of EI): The ability to accurately identify emotions in people's faces & in non-verbal behavior.

- *Using emotions to facilitate thinking:* Using emotions in functional ways such as making decisions.

- *Understanding emotions*, emotional language, and the signals conveyed by emotions: Involves being able to understand emotional information, the determinants and the consequences of emotions, and how emotions evolve and change over time.

- *Managing emotions to attain specific goals:* The ability to manage one's own and other's feelings and emot*ions as well as emotional relationships. The ability to regulate, adjust, and change one's own emotions as well as others' emotions to suit the situation.*

Emotional Intelligence Research

- EI predicts performance in a number of areas including job performance and academic performance.

- *EI predicts job performance above & beyond cognitive ability and the Big Five personality variables.*

- EI is most strongly related to job performance in jobs that require high levels of emotional labour.

- *EI is most important for the job performance of employees with lower levels of cognitive ability and of less importance for the job performance of employees with high levels of cognitive ability.*

Motivation-Performance Relationship

- It is possible for performance to be low even when a person is highly motivated.

- *In addition to personality, general cognitive ability, and EI, poor performance could be also due to poor understanding of the task and luck and chance factors.*

- High motivation will not result in high performance if employees have low general cognitive ability and EI, do not understand their jobs, or encounter unavoidable obstacles over which they have no control.

- Motivational interventions will not work if employees are deficient in important skills and abilities.

LO5.4 Explain and discuss McClelland's *needs theory* of motivation.

★ **McClelland's needs theory** is a nonhierarchical need theory of motivation that outlines the conditions under which certain needs result in particular patterns of motivation.

Individuals have needs for **achievement, affiliation, and power**. The theory outlines the conditions under which these needs result in particular patterns of motivation.

- *Need for achievement* (sales jobs (commissions) or entrepreneurial positions): *Strong desire to perform challenging tasks well.* Individuals with high need for achievement exhibit the following characteristics:

    - Preference for situations in which **personal responsibility** can be taken for outcomes.
    - Tendency to **set moderately difficult goals** that provide for calculated risks.
    - Desire for performance feedback

- *Need for affiliation* (social work (participant in the process) or customer relations): A strong desire to establish & maintain friendly, compatible interpersonal relationships. People with a high need for affiliation have an ability to learn social networking quickly & a tendency to communicate frequently with others. *They prefer to avoid conflict and competition.*

- *Need for power* (journalism and management (dictates the path to follow)): *A strong desire to influence others.* People with a high need for power, seek out social settings in which they can be influential.

McClelland predicts that people will be motivated to seek out and perform well in jobs that match their needs. The most effective managers have a low need for affiliation, a high need for power, and the ability to direct power toward organizational goals.

Research Support for Need Theories

Research on McClelland's need theory is generally supportive of the idea that particular needs are motivational when the work setting permits the satisfaction of these needs.

Managerial Implications of Need Theories

Need theories have several implications for managerial attempts to motivate employees:

- Appreciate diversity of the need of employees and incentive them
    - Appreciate diversity of the needs of employees & offer them the proper incentives
    - Survey employees to find out what their needs are and then offer programs that meet their needs.
- Appreciate intrinsic motivational potential of intrinsic motivators
    - Appreciate the motivational potential of intrinsic motivators and the existence of higher-order needs.
    - Avoid a vicious motivational cycle that relies on gratifying lower-level needs.

    How can organizations benefit from the intrinsic motivation that is inherent in strong higher-order needs?

    - If basic needs are met, jobs can be "enriched" to be more stimulating and challenging and to provide feelings of responsibility and achievement.
    - Design career paths that enable interested workers to progress through a series of jobs that continue to challenge their higher-order needs (challenge your brain)

PROCESS THEORIES OF WORK MOTIVATION
(motivation theories that specify the details of how motivation occurs)

LO5.5 Explain & discuss *expectancy theory.*

★ **Expectancy theory** a process theory that states that **motivation is determined** by the **outcomes** that people **expect** to occur as a **result** of their **actions** on the job.

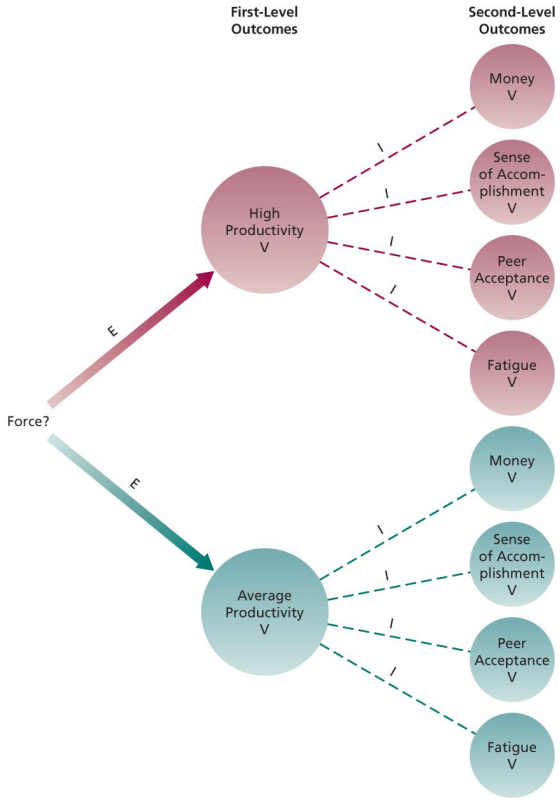


EXHIBIT 5.4
A hypothetical expectancy model (E = Expectancy, I = Instrumentality, V = Valence).

Basic components:

- *Outcomes:* The consequences that may follow certain work behaviors.

  First level outcomes are of particular **interest to the organization** (i.e. high vs. average productivity) and **second level** outcomes are consequences that follow the attainment of a particular first level outcome (**second level outcomes benefit yourself;** expectancy theory is culturally transferable → Works all around the world.)

  Expectancy theory is concerned with specifying how an employee might attempt to choose one first-level outcome (e.g., high productivity) over another (e.g., average productivity).

- *Instrumentality (link between first level and second level outcomes):* The probability that a particular first-level outcome (e.g., high productivity) will be followed by a particular second-level outcome (e.g., pay).

  High productivity → 80% chance of a pay increase

  Average productivity → 30% chance of a pay increase

- *Valence Instrumentality:* The expected value of outcomes, the extent to which they are attractive or unattractive to the individual.

  the valence of a particular first-level outcome = ∑ instrumentalities x second-level valences
  The valence of a first-level outcome depends on the extend to which it leads to a favourable second-level outcomes.

- *Expectancy:* The probability that the worker can actually achieve a particular first-level outcome.

  → High performance 50% certain

  → Average performance 100% certain

- *Force (how much effort you put in a task):* It represents the relative degree of effort that will be directed

towards various first-level outcomes:

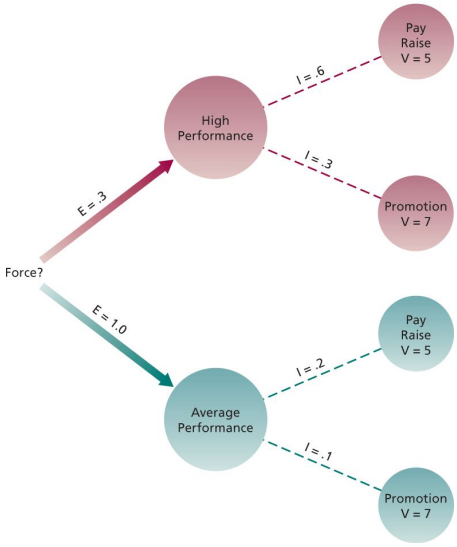
force = first-level valence x expectancy

We can expect an individual's effort to be directed toward the first-level outcome that has the largest force product.

Premises of expectancy theory:

- *People will be motivated to perform in those work activities that they find attractive and that they feel they can accomplish.*
- *The attractiveness of various work activities depends on the extent to which they lead to favourable personal consequences.*
- *It can handle any form of second-level outcome that has relevance for the person in question (extrinsic and intrinsic outcomes).*

Expectancy theory example: Tony Angelas (see graph)



- A middle manager in a firm that operates retail stores.
- Second-level outcomes that are relevant to him include opportunity to obtain a raise and the chance to receive a promotion.
- The promotion is more highly valent.
- He considers the instrumentality of high and average performance.
- The valence of high performance: (5 x .6) + (7 x .3) = 5.1.
- The valence of avg performance: (5 x .2) + (7 x .1) = 1.7.
- High performance is more valent for Tony than average performance.

Does this mean that Tony will try to perform at a high level?

- We need to take into account his expectancy for high and average performance.
- He is certain he can perform at an average level (expectancy = 1.0).
- He is less certain that he can sustain high performance (expectancy = .3).
- Force is the product of these expectancies and the valence of their respective first-level outcomes.
- The force associated with *high* performance: .3 x 5.1 = 1.53
- The force associated with *average* performance: 1 x 1.7 = 1.70
- Although high performance is attractive to Tony, he will probably perform at an average level.

Research Support for Expectancy Theory

- Moderately favourable support for expectancy theory.
- There is especially good evidence that the valence of first-level outcomes depends on the extent to which they lead to favourable second-level consequences.

Managerial Implications of Expectancy Theory

- The motivational implications of expectancy theory involve "juggling the numbers" that individuals attach to expectancies, instrumentalities, and valences.
- Three implications:
    - Boost expectancies:
        - One of the most basic things managers can do is ensure that their employees *expect* to be able to achieve first-level outcomes that are of interest to the organization.
        - Workers will not pursue goals if expectancy is low.

- Low expectancies can take many forms *(could be due to poor equipment and tools, and lazy coworkers. Lack of understanding what the organizations considers good performance and how to achieve it)*.
- Expectancies can be enhanced by providing proper equipment, training, demonstrating correct work procedures, *explaining how performance is evaluated, listen to employee problems (give the chance to express themselves).* **Clarify the path to beneficial first-level outcomes.**

- Clarify reward contingencies:
  - Managers should try to ensure that the paths between first- and second-level outcomes are clear.
  - Employees should be convinced that first-level outcomes are clearly *instrumental* in obtaining positive second-level outcomes and avoiding negative outcomes.
  - To ensure that instrumentalities are strongly established, they **should be clearly stated** and then acted on by the manager.
  - Managers should provide *stimulating, challenging* tasks for workers who are interested in such work.

- Appreciate diverse needs:

  Managers should analyze the diverse preferences of employees and attempt to design individualized "motivational packages" to meet their needs.

LO5.6 Explain and discuss *equity theory*.

★ **Equity Theory** is a process theory that states that motivation stems from a **comparison** of the **inputs one invests in a job** VS **outcomes one receives** in **comparison** with the inputs and outcomes of **another person or group *of similar statue***.

Tactics for Reducing inequity:

- Perceptually distort one's own inputs or outcomes (distortion of the quality of one's own inputs)
- Perceptually distort the inputs or outcomes of the comparison person or group.
- Choose another comparison person or group.
- Alter one's inputs or alter one's outcomes.
- Leave the exchange relationship ("I don't want it, take it")

Equity theory example:

- Terry is a middle manager in a consumer products company. He has:
  - 5 years work experience
  - M.B.A. degree
  - Good performance
  - A salary of $75,000 a year

- Terry learns that Maxine, a co-worker makes the same salary he does. She has:
  - 1 year of work experience
  - A Bachelor's degree
  - Average performance

- In Terry's view, he is underpaid and should be experiencing inequity.
- He might resolve this inequity psychologically (justify the inequity) or behaviourally
- He might try to increase his outcomes (seek a raise); reduce his inputs (a decrease in work effort); or

resign.

- Maxine will also experience inequity but from overpayment.
- She might attempt to increase her inputs by working harder.
- She might distort her view of Terry's performance to make seem closer to her own.

Equity theory is somewhat vague (will the reaction be psychological or behavioral? ET does not define that) about when individuals will employ various inequity reduction strategies.

Gender and Equity

- Both men and women tend to choose same-sex comparison persons.
- This might provide a partial explanation for why women are paid less than men, even for the same job.

Research Support for Equity Theory

- Research support the theory when inequity occurs because of underpayment
- When workers are underpaid on an hourly basis, they tend to lower their inputs by producing less work.
- When workers are underpaid on a piece-rate basis, they tend to produce a high volume of low-quality work.
- The theory's predictions regarding *overpayment* inequity have received less support.
- Suggests that people tolerate overpayment more than underpayment or they use perceptual distortion to reduce overpayment inequity.

Managerial Implications of Equity Theory

- Perceived underpayment will have a variety of negative motivational consequences for the organization (e.g., low productivity, low quality, theft).

- Understand that feelings about equity stem from a *perceptual* social comparison process.

LO5.7 Explain & discuss *goal setting theory*

★ **Goal (object or aim of a action) setting theory** goals are motivational when they're:

- **Specific:** Specific goals are goals that specify an exact level of achievement for people to accomplish in a particular time frame. "I will enrol in five courses next semester and achieve a *B* or better" is a specific goal. "I will do my best" is not a specific goal since *level of achievement* and *time frame* are both vague.

- **Challenging:** goal is best when it is pegged/attached to the competence of individual workers and increased as the particular task is mastered.

  Goals that are easy or impossible to achieve will not be motivational. Goal challenge is a more personal matter than goal specificity

- **Organizational members are committed** to specific, challenging goals if the goals are to have effective motivational properties. The effect of goals on performance is strongest when individuals have high goal commitment. This is specially important when goals are challenging and difficult to achieve.

  Factors that might affect commitment to challenging, specific goals:

  - Participation: If goal commitment is a potential problem, participation might be beneficial. *Research shows that participation can improve performance by increasing the difficulty of the goals that employees adopt.*

    Participation can improve goal commitment and facilitate performance in some situations:

    - When a climate of distrust exists between management and employees.
    - When participation provides information that assists in the establishment of fair, realistic goals.

- Rewards: Goal setting has led to performance increases *without* the introduction of monetary incentives for goal accomplishment.

  Goal setting should be compatible with any system to tie pay to performance that already exists for the job in question.

- Management support: When supervisors behave in a coercive manner to encourage goal accomplishment, they can badly damage employee goal commitment.

  Supervisors must demonstrate a desire to assist employees in goal accomplishment and behave supportively if failure occurs. Threat and punishment in response to failure will be extremely counterproductive.

- **Feedback about progress towards goal attainment is provided:** Specific and challenging goals are most effective when they are accompanied by ongoing feedback that enables the person to compare current performance with the goal. Feedback should be accurate, specific, credible, and timely.

  Why goals are motivational

  - They *direct* attention toward goal-relevant activities.
  - They lead to greater *effort.*
  - They increase and prolong *persistence (push you through difficult challenges.)*
  - They lead to the discovery and use of *task-relevant strategies* for goal attainment.

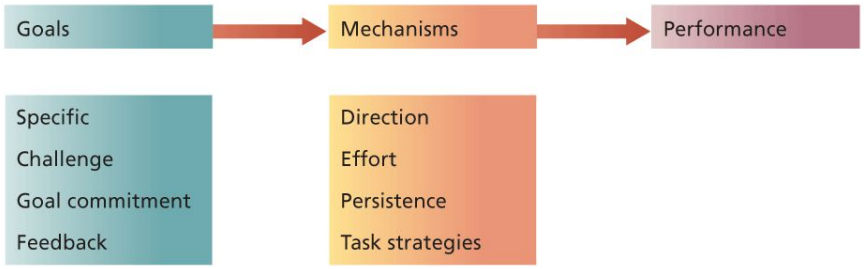


EXHIBIT 5.6
The mechanisms of goal setting.

Source: Locke, E.A., & Latham, G.P. (2002). Building a practically useful theory of goal setting and task motivation. *American Psychologist*, 57,705–717.

Research Support for Goal Setting Theory

- Specific, difficult goals lead to improved performance & productivity on tasks & occupations
- When individual lack the knowledge or skill to perform a novel or complex task, a specific and challenging performance goal can decrease performance
- When a task is straightforward, a specific, high performance goal results in higher performance
- A specific, high learning goal is + effective when individuals are learning to perform a novel or complex task

Managerial Implications of Goal Setting Theory

- Managers should set specific and challenging goals and provide ongoing feedback to employees so they can compare their performance with the goal.
- The performance impact of specific, challenging goals is stronger for simpler jobs than for + complex jobs.
- Proximal goals (short-term) should be set in conjunction with distal goals when employees are learning a new task or performing a complex one.

LO5.8 Discuss the cross-cultural limitations of theories of motivation.

★ Cross-cultural limitations of theories of motivation (QUESTION):

Equity theory will be constrained by what is considered "fair" in a particular culture in terms of how to allocate rewards (e.g., equity versus equality).

In general: Motivational theories which explain the behaviour of workers in North American companies do not always apply to workers elsewhere. It is safe to assume that most theories that revolve around human needs will come up against **cultural limitations** to their generality.

I.e., in more collective societies, self-actualization is not the motivator that it is in North America.

In collective cultures : tendency to favour reward allocation based on equality rather than equity. Because of its flexibility, expectancy theory is very effective when applied cross-culturally.

Setting specific and challenging goals : should also be motivational when applied cross-culturally. However, to be effective, careful attention is required to adjust the goal-setting process in different cultures.

I.e., individual goals are not likely to be accepted or motivational in collectivist cultures.

Chapter 6- Motivation in Practice

LO6.1 Discuss how to tie pay to performance on production jobs and the difficulties of *wage incentive plans*.

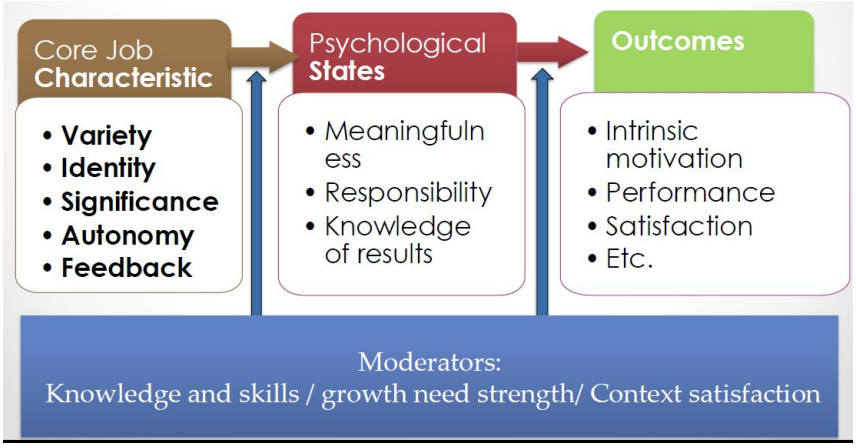
LO6.2 Explain how to tie pay to performance on white-collar jobs and the difficulties of *merit pay plans*.

LO6.3 Understand how to use pay to motivate teamwork.

- ★ **Money as a motivator**: **Money** can be a motivator to the extent that it **satisfies a variety of needs**, is highly valent, and it is clearly tied to performance. Money is a motivator because it allows you to buy what you want, however, it is controlled motivation (extrinsic).
- ★ **Job Design as a motivator**: The use of job design as a motivator represents an attempt to **capitalize on intrinsic motivation.** The goal of job design is to identify the characteristics that make some tasks more motivating than others and to capture these characteristics in the design of jobs.
  - **Job scope** is the **breadth** and **depth** of a job
    - **Breadth** is the **number of different activities performed** on a job
    - **Depth** is the **degree of discretion or control** a worker has **over** how **work tasks** are performed.

LO6.4 Describe the details of the *Job Characteristics Model*.

- ★ **Job Characteristics Model**, use model before conducting job enrichment to analyze what needs to be improved **(REMEMBER STTAF) like the word STAFF or VISAF(see underline letters)**
  - **Skill Variety** :degree a **job provides** the **opportunity** to do a **variety of different activities** using various skills and talents.
  - **Task Identity** : job **involves** doing a **complete piece of work (Beginning →End)**.
  - **Task Significance job** has a **substantial impact on other people**.
  - **Autonomy : job freedom degree** to **schedule one's own work activities** and **decide work procedures**.
  - **Feedback : information about the effectiveness** of one's **work performance**.



LO6.5 Discuss the motivational properties of *job enrichment*.

LO6.6 Discuss *work design characteristics* and the *relational architecture of jobs*.

★ **Job enrichment** is the design of jobs to **enhance intrinsic motivation**, **the quality of working life**, and **job involvement**. Job enrichment means manipulating one or more of the five job characteristics model to make the job more interesting to the employee.

Examples of job enrichment:
-Combining tasks
-Establishing external client relationships and internal client relationships
-Reducing supervision or reliance on others,
-Forming working teams
-Making feedback more direct.

Negative effects of job enrichment:
-Demand for rewards
-Union resistance, supervisory resistance
-Lack of desire or skill

LO6.7 Understand the connection between goal setting and *Management by Objectives (complete)*.

★ **Management by objectives(MBO) (goal setting theory)** is an elaborate, systematic, ongoing program designed to faciliate :
1-**Goal establishment** and **Goal accomplishment**
2- **Employee development**

Examples of MBO : In a well-designed MBO program, objectives for the organization as a whole are developed by top management and diffused down through the organization through the MBO process.

Process

- Objectives for the organization as a whole are developed by top management and diffused down through the organization.
- Organizational objectives are translated into specific behavioural objectives for individual members.
- The nature of the interaction between managers and individual workers in an MBO program is important.
- MBO manager-employee interactions:
  - The manager meets with individual workers to develop and agree on employee objectives which can include *job performance* and *personal development* objectives.

- There are periodic meetings to monitor employee progress in achieving objectives.
- An appraisal meeting is held to evaluate the extent to which the agreed upon objectives have been achieved.
- The MBO cycle is repeated.

Research evidence

- Research evidence shows that MBO programs result in productivity gains.
- A number of factors are associated with the failure of MBO programs:
  - Lack of commitment from top management.
  - An overemphasis on measurable objectives at the expense of more qualitative objectives.
  - Excessive short-term orientation.
  - Performance review becomes an exercise in browbeating or punishing employees for failure to achieve objectives.

LO6.8 Explain how alternative work schedules respect employee diversity.

★ **Alternative working schedules (AWS) as motivators for a diverse workforce**, the purpose of alternative work schedules is to **meet** the **diverse workforce needs** and **promote job satisfaction.** AWS can also facilitate recruitment and reduce absenteeism and turnover.

Most common alternative working schedules:

- **Flex time:** arrival and quitting times are flexible. Intended to meet the needs of a diverse work-force; it is most frequently implemented in office environments.

  Research evidence:
  - Employees prefer it compared to fixed hours.
  - Work attitudes are more positive.
  - A positive effect on productivity, job satisfaction, and satisfaction with work schedule and lower employee absenteeism.

- **Compressed Workweek:** employees work fewer than the normal five days a week but still put in a normal number of hours per week (i.e., 4-40 system). *Drawbacks: reduce customer service & negative effects of fatigue.*

  Research evidence:
  - People who have experienced it tend to like it.
  - + effect on job satisfaction & satisfaction with work schedule but no effect on absenteeism or productivity.

- **Job and Work Sharing:** two part-time employees divide the work of a full-time ***job***. *Work sharing* involves reducing the number of hours employees work to avoid layoffs/dismissal when there is a reduction in normal business activity.

  Research evidence:
  - Work sharing cuts costs, saves jobs, avoids layoffs & allows organizations to retain skilled workers.
  - Job sharing can result in coordination problems if communication is not adequate.
  - Job sharers must make a concerted effort to communicate well with each other as well as with superiors, co-workers, and clients.

- **Telecommuting:** a system by which employees are able to work at home/remotely but stay in touch with their offices through the use of communications technology.

  Research evidence

- Telecommuting has a small but positive effect on perceived autonomy and lower work-family conflict. The more frequency of telecommuting exits the less work-family conflict.
- It has a positive effect on job satisfaction and job performance and results in lower stress and turnover intentions.
- It does not have detrimental effects on the quality of workplace relationships or one's career prospects.

Potential problems

- Negative consequences can result due to a lack of informal communication.
- Can have a negative effect on relationships with co-workers.
- Distractions in the home environment.
- Feelings of isolation and overwork.
- Concerns about trust and control.

Implementing telecommuting

- A strong perception of trust between employees and management must exist before implementing telecommuting.
- A telecommuting program must be preceded by careful planning and accompanied by clear guidelines.

Main Focus of the Final Exam (70% approximately)

Chapter 7- Groups & Teamwork

LO7.1 Define *groups* and distinguish between *formal* and *informal* groups.

★ **Groups**: *two or + people interacting interdependently* (group members rely to each other) to *achieve a common goal.*

Group membership is important because it exerts influence on us & provide a context in which we are able to exert influence on others.

- **Formal groups** (manager & employees to report to the manager) are **established by organizations** to facilitate the achievement of organizational goals.

  Other types of formal work groups:

  - Project teams: temporary groups that meet to achieve particular goals or solve particular problems.
  - Committees: usually permanent groups that handle recurrent assignments outside the usual work group structures.

- **Informal groups** are groups that *emerge naturally* in response to the *common interests* of organizational members. They are seldom authorized by the organization & they can either help or hurt an organization, depending on their norms for behavior. I.e., smokers, colleagues in the cafeteria.

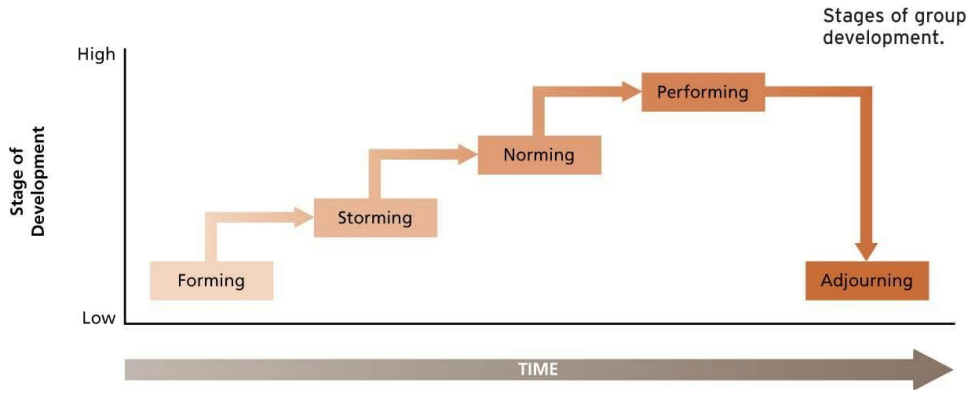
LO7.2 Discuss group development.

★ **Stages of Group Development**

Groups are complex social devices. They require a fair amount of negotiation & trial-and-error before individual members begin to function as a true group.

Groups develop through a series of stages over time. Each stage presents challenges that members must

master to achieve the next stage. The model is a good tool for monitoring & troubleshooting groups.



Forming: Group members try to orient themselves by "testing the waters" (observing, listening). *The situation is often ambiguous, & members are aware of their dependency on each other.*

Storming: Confrontation and criticism occur as members determine whether they will go along with the way the group is developing. *Sorting out roles and responsibilities is often an issue.*

Norming: Members resolve the issues that provoked the storming, & they develop social consensus

- *Compromise is often necessary.*
- *Norms are agreed on and the group becomes more cohesive.*
- *Information and opinions flow freely.*

Performing: The group *devotes* its energies toward task accomplishment. *Achievement, creativity, & mutual assistance are prominent themes at this stage.*

Adjourning: Rites and rituals that affirm the group's previous successful development are common (I.e., ceremonies & parties). *Members often exhibit emotional support for each other.*

The process applies mainly to new groups that have never met before. Some organizational settings are so structured that storming & norming are unnecessary for even strangers to coalesce into a team.

******Not all groups go through these stages of development & Well-acquainted task forces & committees can short-circuit these stages.***

★ **Punctuated Equilibrium model** *describes how groups with deadlines are affected* by their first meetings & crucial midpoint transitions.

- **Phase 1:** Starts with the 1st meeting & continues until the midpoint:
  - Sets agenda and tone for the phase until the midpoint.
  - The group gathers info & holds meetings but makes little visible progress toward the goal.

- **Midpoint transition**: occurs at almost exactly the halfway point in time before the deadline
  - The transition marks a change in the group's approach.
  - *This transition crystallizes the group's activities for Phase 2.*

- **Project deadline (ph 2):** *decisions & approaches from midpoint are applied. It concludes with a final meeting that reveals an eruption of activity & concern for how outsiders will evaluate the prdct*

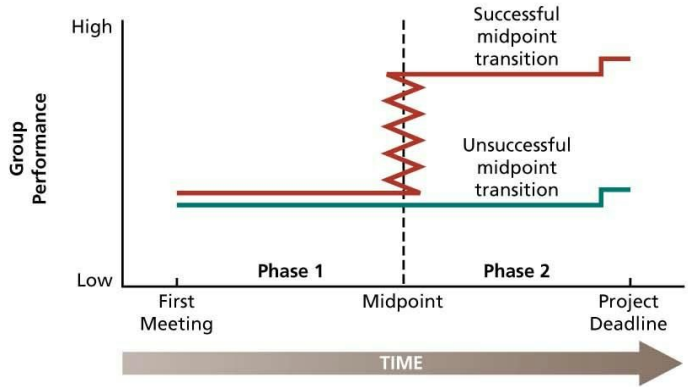


Exhibit 7.2
The punctuated equilibrium model of group development for two groups.

Advice for managing teams:

- Prepare carefully for the first meeting.
- As long as people are working, do not look for radical progress during Phase 1.
- Manage the midpoint transition carefully.
- Be sure that adequate resources are available to execute the Phase 2 plan.
- Resist deadline changes.

LO7.3 Explain how group size and member diversity influence what occurs in groups.

★ **Group structure (& its consequences)** refers to the *characteristics of the stable social organization of a group*. The basic structural characteristics along which groups vary are size & member diversity; *also group norms, roles, status, & cohesiveness.*

- **Group Size:** The smallest possible group consists of two people (manager-employee). Work groups, including task forces and committees, usually have 3 to 20 members.

  Consequences caused by group size depends on the type of task (additive, disjunctive, conjunctive) the group initiates. (satisfaction is higher in small groups)

- **Group size and satisfaction:**
  - Members of larger groups consistently report less satisfaction with group membership.
  - The chance to work on and develop friendships decrease as size increases.
  - Larger groups might cause conflict and disagreement.
  - As size increases, the time available for verbal participation by each member decreases.
  - Many people are inhibited about participating in larger groups.

- **Group size and Performance:** the relation between group size and performance depend on the task to complete and how we define good performance. Types of group tasks:

  - **Additive tasks (AT)**: tasks in which group performance is dependent on the sum of the performance of individual group members (i.e., building a house=plumber, electrician...). *For additive tasks, the potential performance of the group increases with group size.*

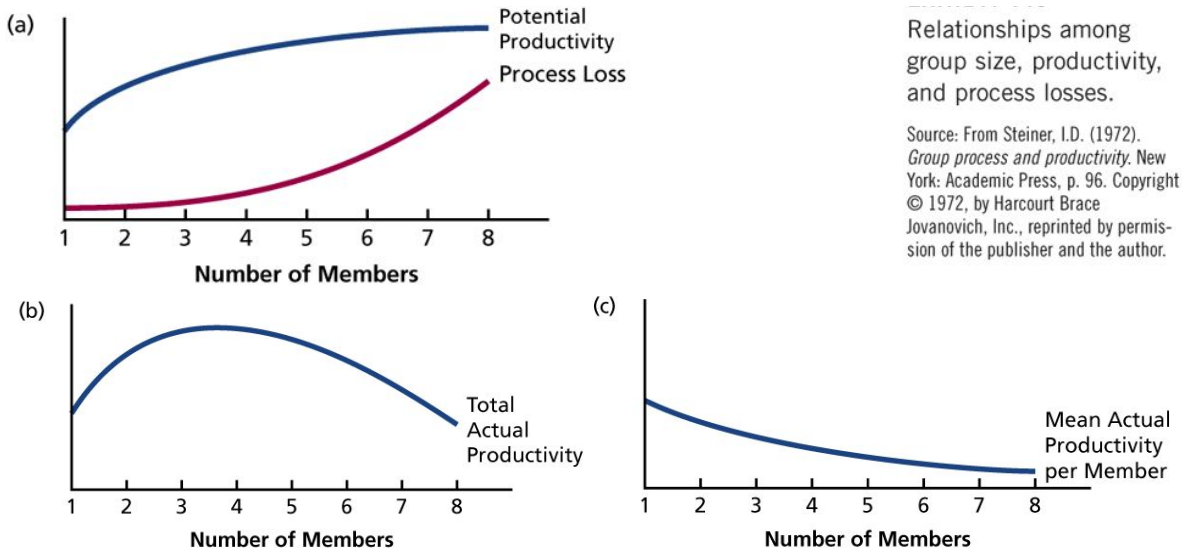
  - **Disjunctive tasks** in which group performance is dependent on the performance of the best group member. The potential performance of groups doing disjunctive tasks increases with group size. *The probability that the group includes a superior performer is greater.*

  - **Conjunctive tasks (CT)** in which group performance is limited by the performance of the poorest group member. Both the potential and actual performance of CT will decrease as group size increases.

Process losses: **performance difficulties that stem from the problems of motivating & coordinating larger groups.**

As groups get bigger, they tend to suffer from process losses & problems of communication and decision making increase with size.

Actual performance = Potential performance – Process losses



Relationships among group size, productivity, and process losses.

Source: From Steiner, I.D. (1972). *Group process and productivity.* New York: Academic Press, p. 96. Copyright © 1972, by Harcourt Brace Jovanovich, Inc., reprinted by permission of the publisher and the author.

- *Potential performance & process losses increase with group size for additive & disjunctive tks*
- *Actual performance increases with size up to a point and then falls off*
- *The average performance of group members decreases as size gets bigger.*

Thus, up to a point, larger groups might perform better as groups, but their individual members tend to be less efficient.

Group size and performance summary:

- For additive and disjunctive tasks, larger groups might perform better up to a point but at increasing costs (process losses) to the efficiency of individual members.
- Performance on purely conjunctive tasks should decrease as group size increases.

- **Diversity:** diverse groups have a + difficult time communicating & becoming cohesive, so group development (forming, storming, and norming) takes longer. *Diverse groups sometimes perform better on tasks that require creativity & innovation*. "Deep diversity" in attitudes toward work or how to accomplish a goal can badly damage cohesiveness.

LO7.4 Review how *norms and roles* affect social interaction.

Social norms are *collective expectations that members of social units have regarding the behaviour of each other.* I.e., codes of conduct that specify what individuals should do and not do & standards against which we evaluate the appropriate is a behaviour.

Most normative influence is unconscious; we are only aware of it in special circumstances such as when we enter new social situations.

Why do norms develop?

Norms provide regularity & predictability to behaviour. It provides psychological security and permits us to carry out our daily business with minimal disruption.

What do norms develop about?

Norms regulate behaviours that are at least marginally important to their supporters. Managers are likely to adopt norms regarding the performance and attendance. Less deviation is accepted from norms that concern

more important behaviours.

How do norms develop?

Norms are *collectively* held expectations, depending on two or more people for their existence.

Why do individuals comply (follow) with norms?

Norms correspond to private attitudes. They often save time & prevent social confusion. Groups have a range of rewards and punishments available to induce conformity to norms.

Typical norms in organizations affecting behavior: dress, performance, reward allocation (equity, equality, reciprocity, social responsibility.)

Roles are positions in a group ("packages" of norms) that have a set of expected behaviours attached to them. The most consistent consequences of role conflict are job dissatisfaction, stress reactions, lowered organizational commitment, and turnover intentions. Roles in organizations:

- Assigned roles: formally prescribed by an organization to divide labour & responsibility to facilitate task achievement. Indicate "who does what" & "who can tell others what to do."
- Emergent roles: roles develop naturally to meet the social-emotional needs of group members or to assists in formal job accomplishment.

Role ambiguity exists when the goals of one's job or the methods of performing it are unclear. Elements that can lead to role ambiguity: Organizational factors, the role sender, the focal person.

Status: Consequences of Status Differences → Status affects the ways in which people communicate with each other. Most people like to communicate with others at their own status or higher, rather than with people who are below them.

LO7.5 Discuss the causes and consequences of *group cohesiveness (well-integrated)*.

★ **Group cohesiveness**. Degree to which a groups is *especially attractive to its members.* Members want to stay in the group and they describe the group in favourable terms.

★ **Factors making a group more cohesive:**

- *Member Diversity:* Groups that are diverse in terms of gender, age, & race can have a harder time becoming cohesive. If the group is in agreement about how to accomplish a task, its success will often outweigh surface dissimilarity in determining cohesiveness.
- *Success:* When a group accomplishes a goal, members feel pride and tend to become more cooperative with each other → group is more attractive to its members.
- *Threat and competition:* External threat and competition CAN force members to work together when group goals are in danger. *External threats to survive have often resulted in greater cohesiveness.*
- *Size:* Larger groups have a more difficult time in becoming and staying cohesive, agreeing on goals and more problems communicating and coordinating efforts.
- *Toughness of Initiation:* Groups that are tough to get into are more attractive than those that are easy to join (same thing with girls and boys relationship.)

★ **Consequences of Cohesiveness**

- **More Participation** in cohesive groups in terms of lower turnover and absenteeism & high degree of communication within the group.

- **More Conformity**: Members of cohesive groups are motivated to engage in activities that will *keep* the group cohesive. Members respect group norms, pressure may be applied on "deviants."

- **More Success**:

  - Cohesiveness contributes to group success, so cohesive groups are good at achieving goals.
  - Group cohesiveness is related to performance.
  - There is a reciprocal relationship between success and cohesiveness.

  Why are cohesive groups effective at goal accomplishment?

  Participation and communication + conformity → agreement → goals

  Should managers attempt to increase the cohesiveness of work groups?

  - Cohesive groups are especially effective at accomplishing *their own* goals.
  - If these goals correspond with those of the organization, increased cohesiveness should have benefits for group performance. If not, organizational effectiveness might be threatened.
  - In highly cohesive groups, the productivity of individual group members is similar to other members; in less cohesive groups, there is more variation in productivity.
  - Highly cohesive groups tend to be *more* or *less* productive than less cohesive groups, depending on a number of variables.

  Cohesiveness is more likely to pay off when the task requires more interdependence.

- Cohesive groups are successful in accomplishing what they wish to accomplish.

- If the climate is marked by tension & disagreement, cohesive groups may pursue goals that result in low productivity

LO7.6 Explain the dynamics of *social loafing.*

★ **Social loafing (SL)** the tendency to withhold (refuse to give) physical or intellectual effort when performing a group task. Social loafing→**low motivation.** SL is probably + pronounced in individualistic N. America than in + collective/group-oriented cultures.

Also, It is one of the reasons for **process losses in large groups** and takes two forms :

- ***Free rider effect*:** people lower their effort to get a free ride at the expense of other group members.
- ***Sucker effect*:** people lower their effort because of the feeling that others are free riding (to restore equity.)

Counteracting Social Loafing

- *Make individual performance more visible:* Keep group size small.
- *Make sure that the work is interesting:* If work is involving, intrinsic motivation should counteract SL
- *Increase feelings of indispensability:* Use training & the status system to provide members with unique inputs.
- *Increase performance feedback* (from the boss, peers, and customers.)
- *Reward group performance for effectiveness:* Members are more likely to monitor and maximize their own performance and that of their colleagues.

LO7.7 Understand *virtual teams* and what makes them effective.

Virtual teams are work groups that use technology to communicate and collaborate across time, space, and organizational boundaries. Along with the reliance on computer and electronic technology, the primary feature of virtual teams is the lack of face-to-face contact between team members.

Advantages: Around-the-clock work, reduced travel time and cost, larger talent pool.

Challenges of virtual teams: *Trust* is difficult to develop btw virtual team members due to lack of physical contact, miscommunication, isolation, high costs, management issues.

Lessons concerning virtual teams

- Recruitment: Choose team members carefully (attitude and personality).
- Training: Invest in training for both technical and interpersonal skills.
- Personalization: Encourage team members to get to know each other through face-to-face meetings.
- Goals and ground rules: Virtual team leaders should define goals clearly and provide feedback.

Chapter 8- Social Influence, Socialization & Culture

LO8.1 Define *organizational culture* and discuss the contributors to a culture.

★ **Organizational culture** consists of the *shared beliefs, values, & assumptions* that exist in an organization. These beliefs, values, & assumptions *determine the norms* & the patterns of behaviour that emerge from these norms. *Organizational culture is what defines the organization and it is what the company stands for.*

Characteristics of organizational culture:

- It represents a true "way of life" for organizat. members who often take its influence for granted.
- It tends to be fairly stable over time and once established it can persist despite turnover among organizational members, providing social continuity.
- Culture can have a strong impact on both organizational performance and member satisfaction.

Subcultures

- *Subcultures* are smaller cultures developed within a larger organizational culture that are *based on differences in training, occupation, or departmental goals.*
- Effective organizations develop an overarching culture to manage differences between subcultures.

The "strong culture" concept

- A *strong culture* is an organizational culture with intense & pervasive beliefs, values, & assumptions.
- A strong culture provides great consensus concerning "what the organization is about" or what it stands for (think on Disney).
- In weak cultures, beliefs, values, and assumptions are less structured.
- Weak cultures are fragmented and have less impact on organizational members.
- An organization does not have to be big to have a strong culture.
- Strong cultures do not necessarily result in blind conformity.
- Strong cultures are associated with greater success and effectiveness.

LO8.2 Discuss the assets and liabilities of *strong cultures*.

★ **Assets of strong cultures** In a strong culture, the beliefs, values & assumptions that make up the culture are both intense & pervasive across the organization.

Potential advantages of organization with strong cultures:

- **Coordination,** is the *overarching* values & assumptions that facilitate the coordination of different parts of the organization. Different parts of the organization can learn from each other and can coordinate their efforts (to keep everybody in the loop.)

- **Conflict resolution**, *sharing core values* is a powerful mechanism that facilitate conflict resolution.

- **Financial success,** strong cultures contribute to financial success *when the culture supports the mission, strategy & goals of the organization.*

WestJet: One of the most profitable airlines & ranked as having one of the most admired corporate cultures in Can.

★ **Liabilities of strong cultures**

- *Resistance to change* can damage a firm's ability to innovate

- *Culture clash/conflict:* can mix badly when a merger or acquisition pushes two of them together under the same corporate banner (you think you are right, so the other is wrong.)

- *Pathology:* cultures based on beliefs, values & assumptions that *support friction, secrecy, paranoia.*

How cultures are built & maintained? 2 key factors that contribute to the foundation & continuation of organizational cultures:

The founder's role:

- Strong cultures, *reflect the values of an organization's founder.*
- *Top management* strongly *shapes* an organization's culture.
- Sometimes the culture begun by the founder can cause conflict when top management wishes to see an organization change direction.

Socialization (learning by being around of the people):

- Socialization is one of the primary means by which individuals can learn the culture's beliefs, values, & assumptions.
- Organizations with strong cultures go to *great pains* to expose employees to a careful, step-by-step socialization process.

  Socialization steps in strong cultures:

  - Step 1: Selecting Employees
  - St. 2: Debasement (undoing) & Hazing
  - Step 3: Training "in the Trenches"
  - Step 4: Reward and Promotion
  - Step 5: Exposure to Core Culture
  - Step 6: Reinforcing Folklore

- Step 7: Role Models

It is the *consistency* among these steps & their mutually reinforcing properties that make for a strong culture.

Disney company is a good example of an organization that uses many of these steps.

LO8.3 Describe how to diagnose an organizational culture.

★ **How to diagnose an organizational culture**

One way of learning about a culture is to **examine** the **symbols, rituals, and stories** that characterize the organization's way of life. For insiders, symbols, rituals, and stories are mechanisms that teach, communicate, and reinforce the company's culture.

Symbols (strong indicators or corporate culture) such as a **corporate motto or mascot** provide **common meaning** and **reinforce cultural values** and what the company considers important.

Rituals such as parties, recognition awards events, & employee nights are expressive events that define & build the culture. They send a cultural message & convey the essence of a culture.

Stories, the **folklore of organizations** – *stories about past organizational events* – is a common aspect of culture. Stories & anecdotes, both pleasant & unpleasant, are told repeatedly across generations of employees to communicate informally "how things work". They reflect the uniqueness of organizational cultures.

I.e., Is the big boss human? Can the little person rise to the top? Will I get fired? Will the organization help me when I have to move? How will the boss react to mistakes? How will the organization deal with obstacles?

Chapter 9- Leadership

LO9.1 Define *leadership* and discuss the role of formal leadership in organizations.

★ **Leadership** is the influence that particular individuals exert on the goal achievement of others in an organizational context. *Leadership* is about motivating people & gaining their commitment.

Effective leadership exerts influence in a way that achieves organizational goals by enhancing the productivity, innovation, satisfaction, and commitment of the workforce.

Strategic leadership *(long-term implications):* Leadership that involves the ability to *anticipate, envision, maintain flexibility, think strategically*, & work with others to initiate changes that will create a viable future for the organization.

Strategic leaders are open & honest in their interactions with the organization's stakeholders. They focus on the future.

Formal leadership: Individuals with titles such as *manager*, *executive*, *supervisor*, & *department head* occupy formal or *assigned leadership roles*. They hold a position of authority within the organization (they are expected to influence others).

Some managers and supervisors fail to exert any influence on others.

Informal leadership: They do not have a formal authority within the organization. Leaders that emerge to occupy informal leadership roles.

LO9.2 Explain and critically evaluate the *trait theory of leadership.*

★ **Trait theory of leadership** Leadership depends on the personal qualities or traits (inherent) of the leader. *Those who become leaders & do a good job of it, possess a special set of traits that distinguish them from the masses of followers.*

- *Traits* are individual characteristics such as *physical attributes, intellectual ability, and personality.*
- Many traits are not associated with whether people become leaders or how effective they are as leaders. However, some traits are associated with leadership.

- All five of the "Big Five" dimensions of personality are related to leadership *emergence & success.*
- Of the "Big Five," **extraversion** & **conscientiousness** are the most consistent predictors of leadership effectiveness.
- Intelligence is related to leadership effectiveness, however, the relationship is lower than previously thought (smartest people don't always the best results.)
- *The relationship between traits & leadership effectiveness is stronger for affective and relational measures of effectiveness than for performance-related measures.*
- *The trait approach is not the best means of understanding and improving leadership.*

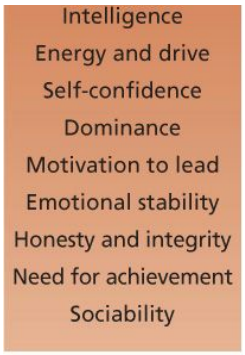


EXHIBIT 9.1
Traits associated with leadership effectiveness.

Limitations:

- It is difficult to determine whether traits make the leader or whether the opportunity for leadership produces the traits.
- Does not tell us what leaders *do* to influence others successfully.
- It does not take into account the *situation* in which leadership occurs.
- It can lead to bias and discrimination when it comes to evaluating a leader's effectiveness and decisions about promoting people to leadership positions.
- Traits are only a precondition for certain actions that a leader must take in order to be successful.
- Leader behaviours have a greater impact on leadership effectiveness than leader traits.

LO9.3 Leadership behaviours & their consequences: *consideration* & *initiating structure*

What are the crucial behaviours leaders engage in, & how do these behaviours influence employee performance & satisfaction? Is there a particular *leadership style* that is more effective than other styles?

★ **Leadership behaviours (behavioural approach)**

Consideration: the extent to which a leader is approachable & shows personal concern & respect for employees. The considerate leader is seen as friendly & egalitarian, expresses appreciation & support, & is protective of group welfare.

Initiating structure: the degree to which a leader concentrates on group goal attainment (defines tasks, procedures etc.) Less focused on people.

The consequences of consideration and structure:

- Consideration & initiating structure both *contribute positively to employees' motivation, job satisfaction, & leader effectiveness.*

- *Consideration is more strongly related to follower satisfaction, motivation, and leader effectiveness.*

- Initiating structure is more related to *leader job performance & group performance.*

- *The relative importance of consideration & initiating structure varies according to the nature of the leadership situation. These behaviours are not related to effectiveness equally across circumstances.*

  The effects of consideration and initiating structure depend on characteristics of the task, the employee, and the setting in which work is performed.

- When employees are under a high degree of pressure due to deadlines, unclear tasks, or external threat, initiating structure *increases satisfaction and performance.*

- When the goals and methods of performing the job are very clear and certain, consideration should *promote employee satisfaction, while structure should promote dissatisfaction.*

LO9.4 Describe and evaluate the following situational theory of leadership: *House's path-goal theory*.

The *situation* refers to the *setting* in which influence attempts occur.

Situational theories of leadership: the effectiveness of a leadership style is contingent on the setting which includes:

- The characteristics of the employees.
- The nature of the task they are performing.
- Characteristics of the organization.

A leader who is effective in one situation might not be as effective in another situation.

★ **House's path-goal theory (the manager defines the path to various goals)**

- The most important activities of leaders are those that clarify the paths to various goals of interest to employees.

- The opportunity to achieve such goals should promote job satisfaction, leader acceptance, & high effort.

- *The effective leader forms a connection between employee goals and organizational goals.*

- To achieve *job satisfaction* and *leader acceptance*, leader behaviour must be perceived as immediately satisfying or as leading to future satisfaction.

- *To promote employee effort, leaders must make rewards dependent on performance (expectancy theory) and ensure that employees know how they can achieve these rewards.*

Specific kinds of leader behavior:

Directive behaviour, directive leaders schedule work, maintain performance standards, and let employees know what is expected of them. *It is identical to initiating structure.*

Achievement-oriented behaviour, leaders encourage employees to exert high effort and strive for a high level of goal accomplishment.

Supportive behaviour, supportive leaders are friendly, approachable, and concerned with pleasant interpersonal relationships. *Identical to consideration.*

Participative behaviour participative leaders consult with employees on work issues & consider their opinion.

Situational factors

The impact of leader behaviour on employee satisfaction, effort, & acceptance of the leader depends on the nature of the employees & the work environment. *Path-Goal Theory is concerned with two primary classes of situational factors:*

- Employee characteristics. Different types of *employees* need or prefer different forms of leadership:
    - High need achievers should work well under achievement-oriented leadership.
    - Employees who prefer to be told what to do respond best to directive leadership.
    - When employees have low task abilities, they will appreciate directive leadership.
- Environmental factors. The effectiveness of leadership behaviour depends on the particular *work environment*:
    - When tasks are clear & routine, directive leadership is redundant & unnecessary & participative leadership is not useful.
    - When tasks are challenging but ambiguous, directive and participative leadership is effective.
    - When a job is frustrating or dissatisfying, supportive leadership is most effective.

Leaders might have to tailor their behaviour to the needs, abilities, & personalities of individual employees.

Effective leaders should take advantage of the motivating and satisfying aspects of jobs while offsetting or compensating for those job aspects that demotivate or dissatisfy.

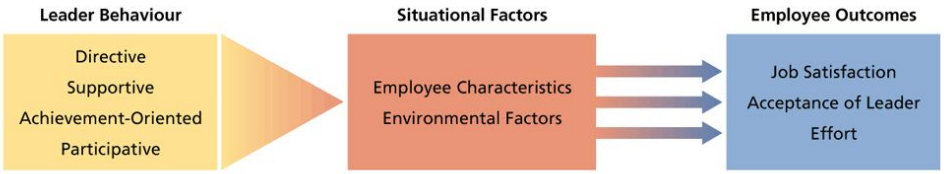


EXHIBIT 9.3
The Path-Goal Theory of leadership.

Research evidence

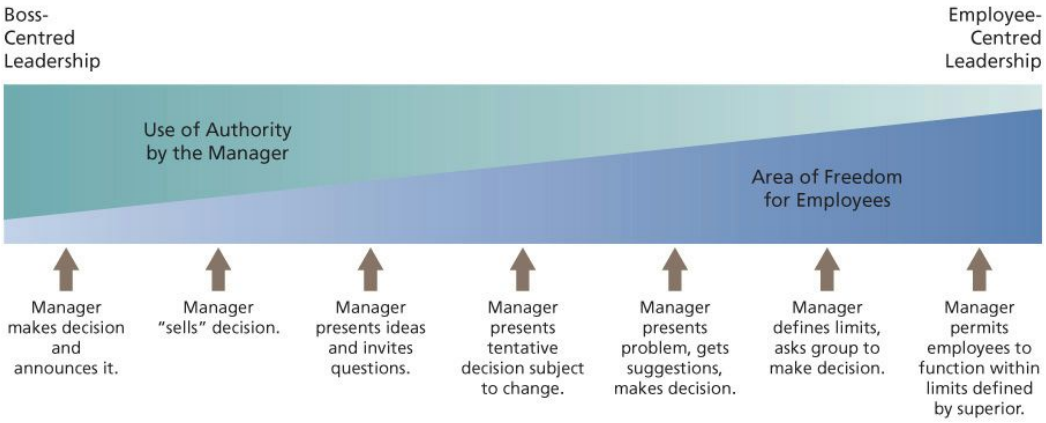
- Substancial evidence: Considerate leader behaviour is most beneficial in supervising routine, or dissatisfying jobs.
- Some evidence: Directive or structuring leader behaviour is most effective on less-structured jobs.
- The theory works better in predicting employees' job satisfaction and acceptance of the leader than in predicting job performance.

LO9.5 Discuss *participative leadership* and how and when to use participative leadership.

★ **Participative leadership** (one of the leader behaviors in path goal theory), involving employees in making work-related decisions.

- Leaders can vary in the extent to which they involve employees in decision making.

- Minimally, participation involves obtaining employee opinions before making a decision.
- Maximally, it allows employees to make their own decisions within agreed-on limits.



- Participation can involve individual or the entire group of employees that reports to the leader.
- The choice of an individual or group participation strategy should be tailored to specific situations.

Potential advantages of participative leadership

Motivation:

- Participation can increase the motivation of employees.
- Participation can permit employees to contribute to the establishment of work goals & how to accomplish them.
- Participation can increase intrinsic motivation by enriching jobs.

Quality:

- Participation can enhance the quality of decisions.
- Participation also enhance quality as it empowers employees to take direct action & solve problems.

Acceptance: Participation can increase the employees' acceptance of decisions.

Potential problems of participative leadership

Time and energy: Participation requires specific behaviours on the part of the leader that use time & energy

Loss of power:

- Some leaders feel that a participative style will reduce their power and influence.
- Sometimes leaders respond by asking employees to make trivial decisions.

Lack of receptivity or knowledge:

- Employees might not be receptive to participation when the leader is not trusted or when a poor labour climate exists.
- Employees might lack the knowledge to contribute effectively to decisions and might not be aware of *external constraints* on their decisions.

LO9.6 Describe *transactional* and *transformational leadership* and their consequences.

★ **Transactional leadership** is based on a straightforward exchange relationship between leader & followers.

  - Contingent reward behavior: gives rewards based on employee performance

- Management by exception: leadership that involves the leader taking corrective action on the basis of the results of leader-follower transactions.

  The leader monitors follower behaviour, anticipates problems, and takes corrective actions before the behaviour creates serious problems.

★ **Transformational leadership**, provides followers with a new vision that implant true commitment. Transformational leaders change the beliefs and attitudes of followers to correspond with a new vision and motivates them to achieve performance beyond expectations

Transformational leaders are usually good at the transactional aspects of clarifying the paths to goals and rewarding good performance.

Key dimensions of transformational leader behavior:

- Intellectual stimulation:
  - Stimulates employees to think on problems, issues, strategies in new ways
  - This contributes to the "new vision" aspect of transformational leadership.
  - The leader challenges assumptions, takes risks, and solicits followers' ideas.
  - It often involves creativity and novelty.

- Individualized consideration: This involves treating employees as distinct individuals, indicating concern for their needs & personal development, & serving as a mentor or coach when appropriate.

- Inspirational motivation:

  - They stimulate enthusiasm, challenge followers with high standards, communicate optimism about future goal attainment, and provide meaning for the task at hand.

- Charisma (the most important aspect of transformational leadership):

  - The ability to command strong loyalty and devotion from followers and thus have the potential for strong influence among them.
  - Charisma provides the *emotional* aspect of transformational leadership.
  - The emergence of charisma is a complex function of traits, behaviours, and being in the right place at the right time.
  - Charismatic leadership has been found to be strongly related to follower satisfaction and leadership effectiveness.
  - CEOs who are perceived to be charismatic are perceived to be more effective.

Transformational leadership: Research evidence

- Transformational leadership is strongly related to follower motivation and satisfaction, leader performance, leader effectiveness, and individual, group, and organization performance.

- Compared to other forms of leader behaviour, transformational leadership has been found to be the most consistent predictor of effective leadership.

- Transformational leaders are instrumental in developing high-quality LMX (leader-member exchange) relationships, identification with one's work unit, self-efficacy, & person-organization value congruence.

Overall, the best leaders are both transformational and transactional.

Chapter 11- Decision Making

LO11.1 Define *decision making* and differentiate well-structured and ill-structured problems.

★ **Decision making** is the **process** of developing a commitment to some course of action. It can also be described as a process of problem solving. It involves:

- Making a choice among several actions alternatives.
- Making a commitment of resources (time, money or personnel.)

A *problem* exists when a gap is perceived between some existing state and some desired state.

- *Well-structured problems:* the existing state and desired states are clear, and how to get from one state to the other is fairly obvious (solutions arouse little controversy).
  - They are repetitive & familiar. They can be programmed (standardized way of solving a problem)
  - Programs enable the decision maker to go directly from problem identification to solution. They are also known as *rules*, *routines*, *standard operating procedures*, or *rules of thumb*.
  - Programs provide a useful means of solving well structured problems.
  - Bad programmed solution → bad solution.
- *Ill-structured problems:* the existing and desired states are unclear, and the method of getting to the desired state is unknown (often risky decisions).
  - They are unique and unusual problems that have not been encountered before.
  - They tend to be complex and involve a high degree of uncertainty
  - They frequently arouse controversy & conflict. Cannot be solved with programmed decisions.

LO11.2 Compare/contrast perfectly *rational decision making* & decision making (*bounded rationality)*

★ **Perfect vs Bounded rationality**

***To make a perfectly rational decision you need to have all of the relevant information (cost effectively/low cost/no cost)**

Perfect rationality is a decision strategy that is…

- Completely informed, perfectly logical, and oriented toward economic gain

The prototype 4perfect rationality is the Economic Person who is the perfect, cool, calculatn decision maker

An economic Person can gather information without cost and is completely informed. Is perfectly logical, and has only one criterion for decision making: *economic gain*.

These perfectly rational characteristics do not exist in real decision makers.

Bounded rationality

The rational characteristics of Economic Person do not exist in real decision makers. Administrators use *bounded rationality* rather than perfect rationality. While they try to act rationally, they are limited in their capacity to:

- Acquire and process information
- Time constraints
- Political considerations

Framing & cognitive biases illustrate the operation of bounded rationality, as does the impact of emotions & mood on decisions.

LO11.3 Discuss the impact of *framing* and *cognitive biases* on the decision process.

★ **Framing** (huge impact of the way we interpret situations) refers to aspects of the presentation of information about a problem that are assumed by decision makers.

How problems and decisions are framed can have a powerful impact on resulting decisions.

Cognitive biases: tendencies to acquire & process information in a particular way that is prone to error. They involve assumptions & shortcuts that can improve decision making efficiency but frequently lead to serious errors in judgment.

***Framing and cognitive biases illustrate the operation of bounded rationality. [IMPORTANT]**

Problem identification and framing:

- Bounded rationality can lead to the following difficulties in problem identification:
    - Perceptual defence.
    - Problem defined in terms of functional specialty (people fix problems by using their specific knowledge)
    - Problem defined in terms of solution.
    - Problem diagnosed in terms of symptoms (think on cold and sniffing)
- When a problem is identified, it is framed in some way.
- A $10,000 expenditure can be framed as a *cost* or an *investment*.
- They should try out alternative frames.

Information search

- The perfectly rational decision maker has free and instantaneous access to all information necessary to clarify the problem and develop alternative solutions.
- Bounded rationality suggests that information search can be slow and costly.
- Decision makers can have too little or too much information.

Too little information

- Several cognitive biases contribute to this such as using whatever information is most readily available, and the tendency to be overconfident which is exacerbated by confirmation bias.

- *Confirmation bias* refers to the tendency to seek out information that conforms to one's own definition of or solution to a problem.

Too much information

- *Information overload* is the reception of + information than is necessary to make effective decisions.
- People have a cognitive bias to value advice for which they have paid over free advice of = quality.

Alternative development, evaluation, and choice

- The perfectly rational decision maker exhibits *maximization* – the choice of the decision alternative with the greatest expected value.

- For the decision maker working under bounded rationality, all of the alternative solutions and the probabilities of success are not all known.

- People are especially weak intuitive statisticians, and frequently violate standard statistical principles. (think on flying and going by car)

- Large samples warrant more confidence than small samples.

- Decision makers often overestimate the odds of complex chains of events occurring.

- People are poor at revising estimates of probabilities & values as they acquire additional information

- A good example of this is the anchoring effect which illustrates that decision makers do not adjust their estimates enough from some initial estimate that serves as an anchor (ancla).

Satisficing

- The decision maker working under bounded rationality frequently "satisfices" rather than maximizes.

- *Satisficing* means that the decision maker establishes an adequate level of acceptability for a solution to a problem and then screens solutions until he or she finds one that exceeds this level.

- When this occurs, evaluation of alternatives ceases, and the solution is chosen for implementation.

Risky business

- When people view a problem as a choice between losses, they tend to make risky decisions.
- When people frame the alternatives as a choice between gains they tend to make conservative decisions.
- This is an example of framing.

Solution implementation

- Decision makers are often dependent on others to implement their decisions, and it might be difficult to anticipate their ability or motivation to do so. (the decision maker and the implementators are not the same person)
- Cross-functional teams can help prevent these kinds of implementation problems.

Solution evaluation

- The perfectly rational decision maker should be able to evaluate the effectiveness of a decision with calm, objective detachment.

- The bounded decision maker might encounter problems at this stage of the process:

  Justification

  - People are overconfident about the adequacy of their decisions.
  - Substantial dissonance can be aroused when a decision turns out to be faulty.
  - To prevent such dissonance, decision makers avoid careful tests of the adequacy of the decision.
  - The decision maker may devote his or her energy to trying to justify a faulty decision.

  Hindsight: the tendency to review the decision-making process that was used to find what was done right or wrong.

  - The tendency to take personal responsibility for successful decision outcomes while denying responsibility for unsuccessful outcomes.

LO11.4 Explain the process of *escalation of commitment* to an apparently failing course of action.

- *Escalation of commitment* refers to the tendency to invest additional resources in an apparently failing course of action. People often "throw good resources after bad," acting as if they can recoup sunk costs.

- Groups are *more* prone than individuals to escalate commitment.

  Reasons for escalation of commitment:

  - Dissonance reduction.
  - Social norms for consistent behaviour.
  - Motivation to not appear wasteful.
  - The way the problem is framed.
  - Personality, moods, and emotions.

  Preventing escalation of commitment

  - Encourage continuous experimentation with reframing the problem. Shift the frame to saving rather than spending.
  - Set specific goals for the project in advance that must be met if more resources are to be invested.
  - Place + emphasis in evaluating managers on *how* they made decisions & less on decision outcomes.
  - Separate initial and subsequent decision making.

LO11.5 Consider how emotions and mood affect decision making.

★ How do Emotions and moods affect decision making

Strong emotions frequently figure in the decision-making process that corrects ethical errors (Ch. 12) & strong (+) emotion has also been implicated in creative decision making & the proper use of intuition to solve problems.

Such intuition CAN lead to the successful short-circuiting of the steps in the rational model when speed is of the essence

Example of many cases: strong emotions are a hindrance such as when people experiencing strong emotions are often self-focused and distracted from the actual demands of the problem at hand.

Mood affects *what* & *how* people think in making decisions & it has the greatest impact on uncertain, ambiguous decisions of the type that are especially crucial for organizat. Research on mood & decision making has found that:

- People in a **positive mood** tend to **remember positive information**.
- People in a **positive mood** tend to **evaluate objects, people, and events more positively**.
- People in a **good mood** tend to overestimate the likelihood that good events will occur and underestimate the occurrence of bad events.
- **Positive mood** promotes **more creative, intuitive decision making**.

The impact of mood on decision making is not necessarily dysfunctional:

- If the excesses of optimism can be controlled, those in a good mood can make *creative decisions.*
- If the excesses of pessimism is controlled, those in a negative mood can *process info carefully & effectively*

EXHIBIT 11.2
Perfectly rational decision making contrasted with bounded rationality.

Stage	Perfect Rationality	Bounded Rationality
Problem Identification	Easy, accurate perception of gaps that constitute problems	Perceptual defence; jump to solutions; attention to symptoms rather than problems; mood affects memory
Information Search	Free; fast; right amount obtained	Slow; costly; reliance on flawed memory; obtain too little or too much
Development of Alternative Solutions	Can conceive of all	Not all known
Evaluation of Alternative Solutions	Ultimate value of each known; probability of each known; only criterion is economic gain	Potential ignorance of or miscalculation of values and probabilities; criteria include political factors; affected by mood
Solution Choice	Maximizes	Satisfices
Solution Implementation	Considered in evaluation of alternatives	May be difficult owing to reliance on others
Solution Evaluation	Objective, according to previous steps	May involve justification, escalation to recover sunk costs, faulty hindsight

LO11.6 Summarize the pros and cons of using groups to make decisions, with attention to the *groupthink* phenomenon and risk assessment.

Many organizational decisions are made by groups, especially when problems are ill structured.

★ **Pros and Cons of using groups to make decisions**

Why use groups? There are a number of reasons for employing groups to make organizational decisions.

- Decision Quality: Groups or teams can make higher quality decisions than individuals. This argument is based on several assumptions:
    - **Groups are more vigilant** than individuals.
    - **Groups can generate more ideas** than individuals.
    - **Groups can evaluate ideas better** than individuals.

- Decision acceptance and commitment

- A group decision will be more acceptable to those involved.
- Acceptability is especially important in getting a decision implemented.

- Diffusion of responsibility: Refers to the ability of group members to share the burden/load of the negative consequences of a poor decision.

  - No one person will be singled out for punishment.
  - When this happens, individual group members often "abandon ship" and exhibit biased hindsight.

Do groups actually make higher-quality decisions? Groups should perform better than individuals when:

- Group members differ in relevant skills & abilities, as long as they don't differ so much that conflict occurs
- Some division of labour can occur.
- Memory for facts is an important issue.
- Individual judgments can be combined by weighting them to reflect the expertise of the various members.

Disadvantage of group decision making

- Time
  - Groups seldom work quickly or efficiently compared with individuals due to process losses.
  - The time problem increases with group size.

- Conflict
  - Participants in group decisions may have their own personal axes to grind or their own resources to protect.
  - Groups will make better decisions when their members feel psychologically safe.

- Domination
  - When meetings are dominated by a single individual or a small coalition the advantages of group decision making will not be realized.
  - Domination is not likely to lead to group acceptance and commitment.
  - If the dominant person is misinformed, the group decision is likely to be ineffective.

- Groupthink
  - The capacity for group pressure to damage the mental efficiency, reality testing, and moral judgment of decision-making groups.
  - Unanimous acceptance of decisions is stressed over quality of decisions.

A number of factors contribute to groupthink.

- High group cohesiveness.
- Strong identification with the group.
- Concern for approval from the group.
- Isolation of the group from other sources of information. (keep info to not disturb the others or change the course of action)
- The promotion of a particular decision by the group leader (this appears to be the strongest cause).

Groupthink symptoms

- Illusion of invulnerability. Members are overconfident & willing to assume great risks; they ignore obvious danger signals: "Because everybody agree, everybody cant be wrong."
- Illusion of unanimity. Members perceive that unanimous support exists for their chosen course of action.
- Illusion of morality. The decisions the group adopts are perceived as *morally* correct. "We think we are the right ones."
- Rationalization. We try to justify somehow.

- Stereotypes of outsiders. The group constructs unfavourable stereotypes of those outside the group who are the targets of their decisions. "If we are right, the others might be wrong."
- Pressure for conformity. Members pressure each other to fall in line and conform with the group's view. *People can have a different point of view, but they shut their mouth up.*
- Self-censorship. Members convince themselves to avoid voicing opinions contrary to the group.
- Mindguards: Some group members may adopt the role of "protecting" the group from information that goes against its decisions.

Strategies to prevent groupthink

- Leaders should establish norms that encourage and even reward responsible dissent.
- Outside experts should be brought in from time to time to challenge the group's views.

How do groups handle risk

- A *risky shift* is the tendency for groups to make riskier decisions than the average risk initially advocated by their individual members.
- A *conservative shift* is the tendency for groups to make less risky decisions than the average risk initially advocated by their individual members.
- Two main factors explain the occurrence of risky and conservative shifts:
  - Group discussion generates ideas & arguments that individual members have not considered before.
  - Group members try to present themselves as basically similar to other members but "even better."
- Groups that communicate via computer are inclined to polarize even more than face-to-face groups. ("ure wrong" (Send))

Chapter 12- Ethics

LO12.1 Define *ethics* and review the ethical dilemmas that managers face.

★ **Ethics** is the *systematic* thinking about the moral consequences of decisions. Moral consequences can be framed in terms of the potential for harm to any stakeholders in the decision.

Stakeholders are people inside or outside of an organization who have the potential to be affected by organizational decisions.

Ethics in organizations:

- Top managers tend to see their organizations as being +ethical than do those lower in the hierarchy
- Among business students, undergraduates have been found to be more ethical than MBA students.
- Women are marginally more ethical than men.
- Older people (more risk averse) are marginally more ethical than the young.

Issues covered in corporate codes of ethics / ethical dilemmas:

	Employees	Suppliers/ Vendors	Joint Venture Partners
Bribery/improper payments	92%	45%	27%
Conflict of interest	92	37	26
Security of proprietary information	92	30	25
Receiving gifts	90	46	25
Discrimination/equal opportunity	86	25	22
Giving gifts	84	48	26
Environment	78	27	24
Sexual harassment	78	22	17
Antitrust	76	27	23
Workplace safety	71	20	18
Political activities	71	11	13
Community relations	62	8	13
Confidentiality of personal information	52	11	11
Human rights	50	14	17
Employee privacy	48	8	10
Whistle-blowing	46	10	10

The nature of ethical dilemmas: Ethical issues are often occupationally specific.

Common themes of ethical issues facing managers:

- Honest communication
- Fair treatment
- Special consideration
- Fair competition
- Responsibility to organization
- Corporate social responsibility
- Respect for law

Causes of unethical behavior

Gain:

- The role of temptation.
- The anticipation of sound reinforcement for following an unethical action, especially if no punishment is expected.
- Compensation systems designed around very high bonuses.

Role conflict:

- Many ethical dilemmas are actually forms of role conflict that get resolved in an unethical way.
- A common form of role conflict is when our "bureaucratic" role as an organizational employee is at odds with one's role as the member of a profession.

Strong organizational identification (such as normative organization): it can lead employees to engage in unethical activities to "help" the organization.

Competition: Rigid competition for scarce resources can stimulate unethical behaviour.

Personality:

- Cynical and those with external locus of control are less tuned in to ethical matters.
- People with a high need for personal power may be prone to make unethical decisions.
- People with strong economic values are more likely to behave unethically.
- Being morally engaged and attentive is associated with ethical behaviour.

Organizational and industry culture:

- Aspects of an organization's culture (and its subcultures) can influence ethics.

- The conduct of peers and superiors can strongly influence ethical behaviour.
- Corporate cultures can reward or punish unethical behaviour.
- Rewarding unethical behaviour can result in the development of an unethical culture.
- Upper-level managers tend to be naïve about the extent of ethical lapses in those below them.
- Corporate codes of conduct can have an impact on ethical decision making.

Whistle-blowing: *It* occurs when a current/former organizational member discloses illegitimate practices to some person or organization that may be able to take action to correct these practices. It may be blown either inside or outside of the organization. People with power rarely blow the whistle.

LO12.2 *Sexual harassment* & what organizations do to prevent it & how to respond to allegations

★ **Sexual harassment:** form of unethical behaviour that stems in part from, the abuse of power & the perpetuation of a gender power imbalance.

- Managers who use their position, reward, or coercive power (Raven) to request sexual favours or demonstrate verbal and physical conduct of a sexual nature as a condition of employment or as a basis for employment decisions toward those in less powerful positions are abusing their power and acting in an unethical manner.

- The most severe forms of sexual harassment are committed by supervisors. But the most frequent perpetrators are co-workers.

- Sexual harassment is also prevalent in hostile work environments & it is most likely in male-dominated industries & organizations in which men attempt to maintain their dominance.

- Clients and customers can also engage in harassment.

- Harassment is more likely to be experienced by women who exhibit traditionally masculine personality traits such as *independence, assertiveness, and dominance.*

- Many organizations are slow to react to complaints of sexual harassment and many do nothing about it until the complainant has reported it (deaf ear syndrome: the inaction or complacency of organizations in the face of charges of sexual harassment.)

Why do organizations fail to respond?

- Inadequate organizational policies and procedures for managing harassment complaints.
- Defensive managerial reactions.

Responding to sexual harassment (EFSTaCE)

- Examine the characteristics of *deaf ear* organizations.
- Encourage management support and education.
- Stay vigilant.
- Take immediate action.
- Create a state-of-the-art policy.
- Establish clear reporting procedures.

Organizations that are responsive to complaints of sexual harassment have:

- Top management commitment.
- Provide comprehensive education programs.
- Continuously monitor the work environment.
- Respond to complaints in a thorough and timely manner.
- Have clear policies and reporting procedures.

Chapter 13- Conflict & Stress

★ **Interpersonal conflict** is a *process* that occurs when one person, group, or organizational subunit *frustrate* the goal attainment of another. In its classic form, conflict *involves antagonistic attitudes & behaviours* such as name calling, sabotage, or even physical aggression.

Causes of interpersonal conflict

- *Group identification & intergroup bias*: tendency of people to develop a more positive view of their own "in-group" & a less positive view of "out-groups" of which they are not a member.
- *Interdependence* is when individuals or subunits are mutually dependent on each other to accomplish their own goals, the potential for conflict exists. The abuse of power in such relationships and the on-going need for coordination are both potential problem areas.
- *Differences* in Power, Status, and Culture
- *Ambiguity:* Ambiguous goals, jurisdictions, or performance criteria can lead to conflict. Under such ambiguity, the formal & informal roles that govern interaction break down & it may be difficult to determine responsibility. Ambiguous performance criteria are a frequent cause of conflict between managers & employees.
- *Scarce Resources:* Differences in power are magnified when common resources are in short supply. Resources may also act as buffers in sufficient quantities which, when removed, allow conflict to surface. Scarcity has a way of turning latent or disguised conflict into overt conflict.

Types of conflict

- Relationship related: interpersonal tensions, that have to do with the relationship.
- Task related: *disagreements about the nature* of the work to be done.
- Process related: disagreements about how work should be organized and accomplished.

★ **Managing conflict (CACAC)**

- Competing: conflict management style (CMS) that *maximizes assertiveness for your own position & minimizes cooperative responses.* The conflict tends to be *framed in strict win-lose terms.*
- Accommodating CMS in which one party cooperates with the other party, while not asserting one's own interests. This may be seen as a sign of weakness.
- Compromise: CMS that combines intermediate levels of assertiveness and cooperation. This tends to be a satisficing approach — neither true competition nor true accommodation. Compromise does not always result in the most creative response to conflict
- Avoiding: CMS characterized by low assertiveness of one's own interests & low cooperation with the other party.
- Collaborating CMS that maximizes both assertiveness and cooperation. Collaboration works as a problem-solving approach where the object is to determine a win-win solution to the conflict that fully satisfies the interests of both parties.

★ **Positive effects of stimulating conflict**: **Conflict→ Change→ Adaptation→ Survival**

★ **Stressors** are environmental events or conditions that have the potential to induce stress.

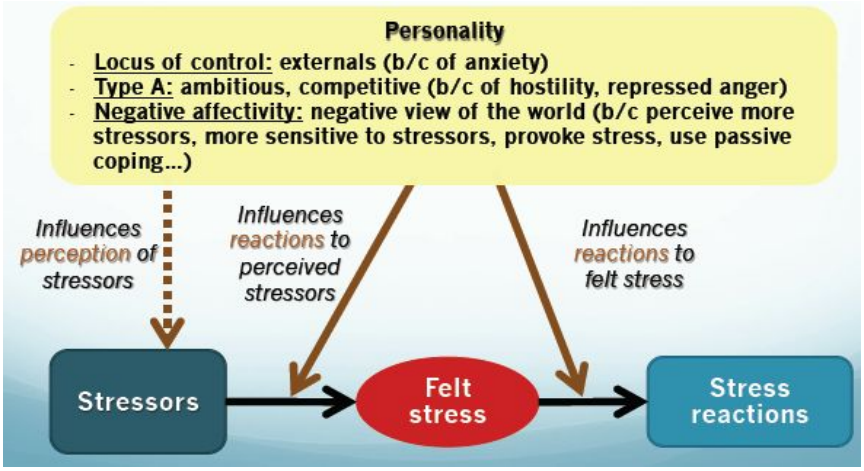
Examples of stressors: A person's job, a person's co-workers, conditions such as extreme heat & cold, & hostility from others.

- Stress *psychological reaction to the demands inherent in a stressor* that has the *potential* to make a person feel *tense* or *anxious* because the person does not feel capable to manage these demands

- Stress reactions are the behavioural, psychological, & physiological consequences of stress. Some of these reactions are passive over which the individual has little control such as high blood pressure.

★ **Personality and stress**, Personality can affect both the extent to which potential stressors are perceived as stressful and the types of stress reactions that occur.

- Three key personality traits are :
  -Locus of control
  -Type A behaviour pattern
  -Negative affectivity.



★ **Sources of stress encountered by various organizational role occupants**

Executive and Managerial Stressors: Executives and managers make key organizational decisions and direct the work of others which leads them to experience special forms of stress.

> **Role overload** *occurs when one must perform too many tasks in too short a time period.* This is an especially common stressor for managers. Management is an ongoing process, and few managers get time to rest or even to think about a new work strategy.

Operative-level stressors. Operatives are individuals who occupy nonprofessional & nonmanagerial positions in organizations. The occupants of operative positions are sometimes exposed to a special set of stressors:

The job demands-job control model is a model that asserts that jobs promote high stress when they make high demands while offering little control over work decisions.

Boundary Role Stressors, Burnout, and Emotional Labour. Boundary roles are positions in which organizational members are required to interact with members of other organizations or with the public. Occupants of boundary role positions are especially likely to experience stress as they straddle the imaginary boundary between the organization and its environment.

General Stressors. Some stressors are probably experienced equally by occupants of all roles.

Interpersonal Conflict. The entire range of conflict, from personality clashes to intergroup strife, is especially likely to cause stress when it leads to real or perceived attacks on our self-esteem or integrity.

A particular manifestation of interpersonal conflict is workplace bullying. Bullying refers to repeated negative behaviour directed toward one or more individuals of lower power or status that creates a hostile work environment.

Mobbing occurs when a number of individuals, usually direct co-workers, "gang up" on a particular employee. Victims of bullying & mobbing experience stress because they feel powerless to deal with the perpetrator(s).

★ **Reactions to stress**

- **Behavioural reactions** to stress are over activities that the stressed individual uses in an attempt to cope with the stress & *include problem solving, performance, withdrawal, & the use of addictive substances.*

- **Psychological reactions** to stress *primarily involve emotions & thought processes,* rather than obvious behaviour, although *these reactions are frequently revealed in the individual's speech & actions.*

  The most common psychological reaction to stress is the *use of defence mechanisms* which are *psychological attempts to reduce the anxiety associated with stress.* Common defence mechanisms:

  Rationalization: is attributing socially acceptable reasons or motives to one's actions so that they appear reasonable & sensible.

  Projection: is *attributing one's own undesirable ideas & motives to others* so that they seem less negative.

  Displacement: is directing feelings of anger at a "safe" target rather than expressing them where they may be punished.

  Reaction formation: is expressing oneself in a manner that is directly opposite to the way one truly feels, rather than risking negative reactions to one's true position.

  Compensation: is applying one's skills in a particular area to make up for failure in another area.

- Physiological reactions. There is evidence that work stress is associated with electrocardiogram irregularities and elevated levels of blood pressure, cholesterol, and pulse.

- Workplace stress can double the risk of heart attacks.

- Stress has also been associated with the onset of diseases such as respiratory & bacterial infections.