

Chapter 1

I. What Are Organizations?

A. Social Inventions

Organizations are social inventions for accomplishing common goals through group effort. Their essential characteristic is the coordinated presence of people, not necessarily things. Of primary interest is understanding people and managing them to work effectively.

B. Goal Accomplishment

Individuals are assembled into organizations for a reason. In the private sector, some organizations have goals like selling cars, delivering news, or winning hockey games. In the nonprofit and public sectors, organizations may have goals such as saving souls, promoting the arts, helping the needy, or educating people. Virtually all organizations have survival as a goal.

C. Group Effort

To achieve their goals, organizations are staffed with people who operate together in a coordinated fashion. At times, individuals can accomplish much. But by combining greater resources and wealth with effective teamwork, organizations have become the dominant producing agents in the world. The field of organizational behaviour is concerned with how to get people to practice effective teamwork.

II. What Is Organizational Behaviour?

Organizational behaviour refers to the attitudes and behaviours of individuals and groups in organizations. The field of organizational behaviour involves the systematic study of these attitudes and behaviours, and should be of interest to all students of management.

III. Why Study Organizational Behaviour?

There are at least three reasons why organizational behaviour is worth studying.

A. Organizational Behaviour is Interesting

Organizational behaviour is interesting because it is about people and human nature. You should be interested in this field because you will find that the behaviour of people in an organizational setting is fascinating.

B. Organizational Behaviour is Important

Aside from being interesting, organizational behaviour is also important since most of us are members of organizations. As well, what happens in organizations often has a profound impact on people. Knowledge of organizational behaviour will help to make us more effective in a variety of roles such as managers, employees, or consumers.

C. Organizational Behaviour Makes a Difference

Organizational behaviour is also worth studying because it not only has to do with the attitudes and behaviour of people in organizations, but it also has implications for an organization's competitiveness and success. Many of the best companies to work for in Canada use management practices that have their basis in organizational behaviour. In addition, an increasing number of studies have confirmed the existence of linkages between organizational behaviour and corporate performance and success. The main

factor that differentiates organizations is the workforce, and the most successful organizations are those that effectively manage their employees.

IV. How Much Do You Know about Organizational Behaviour?

People are amazingly good at giving sensible reasons as to why a statement is true or false. The ease with which people can generate such contradictory responses suggests that “common sense” develops through unsystematic and incomplete experiences with organizational behaviour. However, because common sense and opinions about organizational behaviour affect management practice, practice should be based on informed opinion and systematic study.

V. Goals of Organizational Behaviour

The field of organizational behaviour has a number of commonly agreed upon goals. Chief among these are effectively predicting, explaining, and managing behaviour that occurs in organizations.

A. Predicting Organizational Behaviour

Predicting the behaviour of others is an essential requirement for everyday life, both inside and outside of organizations. The very regularity of behaviour in organizations permits the prediction of its future occurrence. Through systematic study, the field of organizational behaviour provides a scientific foundation that helps improve predictions of organizational events.

B. Explaining Organizational Behaviour

Another goal of organizational behaviour is explanation of events in organizations – why do they occur? Organizational behaviour is especially interested in determining why people are more or less motivated, satisfied, or prone to resign. The ability to understand behaviour is a necessary prerequisite for effectively managing it.

C. Managing Organizational Behaviour

Management is defined as the art of getting things accomplished in organizations through others. If behaviour can be predicted and explained, it can often be managed. If prediction and explanation constitute analysis, then management constitutes action.

VI. Early Prescriptions Concerning Management

There are two basic phases in the pursuit of the “correct” way to manage an organization to achieve its goal. Experts often call these phases the classical view and the human relations view.

A. The Classical View and Bureaucracy

During the early 1900s, a number of experienced managers and consultants including Henri Fayol, James D. Mooney, and Lyndall Urwick were the first writers to set down their thoughts on organizing. This **classical viewpoint** is an early prescription on management that advocated high specialization of labour, intensive coordination, and centralized decision making. Frederick Taylor's approach, called **Scientific Management**, was focused more on shop floor activities than the administrative prescriptions of the classical view. Scientific Management was a system for using research to determine the optimum degree of specialization and standardization of work tasks. Max Weber, a German academic, described bureaucracy as an ideal type of organization that included a strict chain of command, detailed rules, high specialization, centralized power, and selection and promotion based on technical competence.

B. The Human Relations Movement and a Critique of Bureaucracy

The **Hawthorne studies** involved research conducted at the Hawthorne plant of Western Electric in the 1920s and 1930s that illustrated how psychological and social processes affect productivity and work adjustment. After World War II, researchers and theorists such as Chris Argyris, Alvin Gouldner, and Rensis Likert took up the theme of the Hawthorne studies. This **human relations movement** was a critique of classical management and bureaucracy that advocated management styles that were more participative and oriented toward employee needs.

VII. Contemporary Management — The Contingency Approach

Contemporary scholars and managers recognize the merits of both the classical approach and the human relations movement. This **contingency approach** to management recognizes that there is no one best way to manage, and that an appropriate management style depends on the demands of the situation.

VIII. What Do Managers Do?

Several research studies have explored what managers do and provide a context for appreciating the usefulness of understanding organizational behaviour.

A. Managerial Roles

Henry Mintzberg conducted an in-depth study of the behaviour of managers and found a rather complex set of roles played by managers. The relative importance of these roles will vary with management level and organizational technology.

Interpersonal Roles

Interpersonal roles are those that are used to establish and maintain interpersonal relations. These include the figurehead role, leadership role, and liaison role.

Informational Roles

Informational roles are concerned with various ways the manager receives and transmits information. Roles in this group include the monitor role, disseminator role, and spokesperson role.

Decisional Roles

Decisional roles deal with managerial decision making and include the entrepreneur role, the disturbance handler role, the resource allocator role, and the negotiator role.

B. Managerial Activities

Fred Luthans and colleagues determined that managers engaged in four basic types of activities: routine communications (exchanging information, handling paperwork); traditional management (planning, decision making, controlling); networking (interacting with outsiders, socializing, politicking); and human resource management (managing conflict and motivating/reinforcing, staffing, training and development). One of the most fascinating findings is how emphasis on these various activities relates to management success. People who were promoted quickly tended to do more networking and less human resource management. However, if success is defined in terms of unit effectiveness and employee satisfaction and commitment, the more successful managers were those who devoted more time and effort to human resource management and less to networking.

C. Managerial Agendas

John Kotter has also studied the behaviours of successful general managers and found a strong pattern of similarities that he grouped into the categories of agenda setting, networking, and agenda implementation.

Agenda Setting

The managers all gradually developed agendas of what they wanted to accomplish for the organization. These agendas were almost always informal and unwritten, and they were much more concerned with “people issues” and less numerical than most formal strategic plans.

Networking

The managers established a wide formal and informal network of key people both inside and outside of their organizations. This network provided managers with information and established cooperative relationships relevant to their agendas.

Agenda Implementation

The managers used networks to implement the agendas. They would go anywhere in the network for help – up or down, in or out of the organization. The theme that runs through Kotter’s findings is the high degree of informal interaction and concern with people issues that were necessary for the managers to achieve their agendas.

D. Managerial Minds

Other researchers have examined not how managers act, but how managers think. Herbert Simon and Darnel Isenberg stress the role of intuition in good management. Intuition is problem identification and solving based on systematic education and experiences that enable managers to locate problems within a network of previously acquired information.

E. International Managers

The style with which managers do what they do and the emphasis given to various activities will vary greatly across cultures because of cross-cultural variations in values that affect both managers' and employees' expectations about interpersonal interaction. Geert Hofstede has done pioneering work on cross-cultural differences in values and how these differences promote contrasts in the general role that managers play across cultures. National culture is one of the most important contingency variables in organizational behaviour.

IX. Some Contemporary Management Concerns

The field of organizational behaviour can help one to understand and manage some of the contemporary issues facing managers.

A. Diversity — Local and Global

Several factors are influencing the demographics of the North American workforce. As a result, both the labour force and customers are becoming increasingly culturally diverse. More women are entering the workforce, as are visible minorities, aboriginal people, and persons with disabilities. Diversity of age is also a factor. Diversity is also coming to the fore as many organizations realize that they have not treated certain segments of the population fairly in many aspects of employment and that organizations have to be able to get the best from everyone in order to be truly competitive. Both legal and social pressures have contributed to this awareness. Multinational expansion, strategic alliances, and joint ventures between global partners are also bringing people into contact with their counterparts in organizations in other cultures as never before. Thus, managers must be able to manage these issues

effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords.

B. Employee-Organization Relationships

Downsizing, restructuring, and reengineering have had a profound effect on organizations as firms respond to increased global competition and technological change. Surveys show that the consequences of these events have been decreased trust, morale, lower job satisfaction and organizational commitment, and shifting loyalties. Absenteeism is also on the rise and work-life conflict is a major stressor in the workplace. Structural changes in work arrangements such as part-time work and temporary and contract work are expected to become the future standard forms of work and will forever influence the nature of employee-organization relationships. The field of organizational behaviour offers many potential solutions to these kinds of problems and on how to establish positive and supportive employee-organization relationships.

C. A Focus on Quality, Speed, and Flexibility

Increasing competition and changes in the environment have led many organizations to focus on quality in an attempt to achieve continuous improvement in the quality of an organization's products and/or services. As well, organizations are learning to do things faster as speed can be a real competitive advantage. Finally, organizations need to become more flexible in order to respond and adapt to an increasingly uncertain, turbulent, and chaotic environment. The need for quality, speed, and flexibility requires a high degree of employee involvement and commitment as well as teamwork.

D. Employee Recruitment and Retention

Many organizations today are struggling to find and keep skilled employees in order to compete and survive. The shortage of skilled labour has become a big problem for organizations and it is expected to get even worse in the coming years as the baby boomers begin to retire. Organizational behaviour can help organizations improve their recruitment and retention of employees. For example, providing opportunities for learning, improving employees' job satisfaction and organizational commitment, designing jobs that are challenging and meaningful, providing recognition and monetary rewards for performance, managing a diverse workforce, allowing for flexible work arrangements, and providing effective leadership are just a few of the things that have their basis in organizational behaviour that can improve recruitment and retention.

Chapter 2

I. What is Personality?

Personality is the relatively stable set of psychological characteristics that influences the way an individual interacts with his or her environment. It is reflected in the way people react to other people, situations, and problems.

II. Personality and Organizational Behaviour

Personality has a rather long and rocky history in organizational behaviour that is demonstrated by the "person-situation." According to the dispositional approach, individuals possess stable traits or characteristics that influence their attitudes and behaviours. According to the situational approach, characteristics of the organizational setting such as rewards and punishment influence people's feelings, attitudes, and behaviour. According to the interactionist approach, organizational behaviour is a function of both dispositions and the situation. The interactionist approach is the most widely accepted perspective within organizational behaviour. The role of personality in organizational settings is strongest in "weak" situations where there are loosely defined roles and few rules. In strong situations which have more defined roles, rules,

and contingencies, personality tends to have less impact. Thus, the extent to which personality influences people's attitudes and behaviours depends on the situation.

A. The Five-Factor Model of Personality

Psychologists have discovered that there are about five basic, but general dimensions that describe personality:

- Extraversion. Sociable, talkative vs. withdrawn, shy.
- Emotional Stability/Neuroticism. Stable, confident vs. depressed, anxious.
- Agreeableness. Tolerant, cooperative vs. cold, rude.
- Conscientiousness. Dependable, responsible vs. careless, impulsive.
- Openness to Experience. Curious, original vs. dull, unimaginative.

There is evidence that each of the "Big Five" dimensions is related to job performance. High conscientiousness is related to performance for all occupations and the best predictor of performance of all the "Big Five" dimensions. The "Big Five" dimensions have also been found to be related to motivation, job satisfaction, and career success.

B. Locus of Control

Locus of control is a set of beliefs about whether one's behaviour is controlled mainly by internal or external forces. High "externals" see their behaviours controlled by factors like fate, luck and powerful people. High "internals" see stronger effects on their behaviour as a consequence of self-initiative, personal actions and free will.

Locus of control influences organizational behaviour in a variety of occupations. Internals are more satisfied with their jobs, earn more money, and achieve higher organizational positions. In addition, they seem to perceive less stress, to cope with stress better, and to engage in more careful career planning.

C. Self-Monitoring

Self-monitoring is the extent to which people observe and regulate how they appear and behave in social settings and relationships. Individuals low in self-monitoring are said to "wear their hearts on their sleeves." They act like they feel and say what they think without regard to the situation. Individuals high on self-monitoring behave somewhat like actors, taking great care to observe and control the images that they project. In particular, they tend to show concern for socially appropriate behaviour, tune in to social cues, and respond accordingly.

High self-monitors tend to gravitate toward jobs that require a degree of role-playing such as sales, law, public relations, and politics. In social settings that require a lot of verbal interaction, high self-monitors tend to emerge as leaders. High self-monitors tend to be more involved in their jobs and to perform at a higher level. They also experience more role stress and show less commitment to their organization but they have been found to receive more promotions than low-self-monitors.

D. Self-Esteem

Self-esteem is the degree to which a person has a positive self-evaluation. People with high self-esteem have favourable self-images. According to **behavioural plasticity theory**, people with low self-esteem tend to be more susceptible to external and social influences than those who have high self-esteem. People with low self-esteem tend to react badly to negative feedback – it lowers their subsequent performance and they do not react well to ambiguous and stressful situations. Despite a possible downside to excessive esteem, organizations will generally benefit from a workforce with high self-esteem. Such people tend to make more fulfilling career decisions, they exhibit higher job satisfaction, and they are generally more resilient to the strains of everyday work life.

E. Recent Developments in Personality and Organizational Behaviour

Five more recent personality variables that are important for organizational behaviour are positive and negative affectivity, proactive personality, general self-efficacy, and core self-evaluations.

Positive and Negative Affectivity

People who are high on **positive affectivity** have a propensity to view the world, including oneself and other people, in a positive light. People who are high on **negative affectivity** have a propensity to view the world, including oneself and other people, in a negative light. People who have high positive affectivity report higher job satisfaction while those with high negative affectivity report lower job satisfaction. People with high negative affectivity tend to experience more stressful conditions at work and report higher levels of workplace stress and strain.

Proactive Personality

Proactive behaviour involves taking initiative to improve one's current circumstances or creating new ones. It involves challenging the status quo. **Proactive personality** is a stable disposition that reflects a tendency to behave proactively and to effect positive change in one's environment. Individuals with a proactive personality are relatively unconstrained by situational forces and act to change and influence their environment. Proactive personality is related to a number of work outcomes including job performance, tolerance for stress in demanding jobs, leadership effectiveness, participation in organizational initiatives, work team performance, entrepreneurship, and career success.

General Self-Efficacy

General self-efficacy (GSE) is a general trait that refers to an individual's belief in his or her ability to perform successfully in a variety of challenging situations. It is a motivational trait rather than an affective trait. Individuals with high GSE are better able to adapt to novel, uncertain, and adverse situations and have higher job satisfaction and job performance.

Core Self-Evaluations

Core self-evaluations refer to a broad personality concept that consists of more specific traits that reflect the evaluations people hold about themselves and their self-worth. The four specific traits that make up a person's core self-evaluations are self-esteem, general self-efficacy, locus of control, and neuroticism (emotional stability). Core self-evaluations are positively related to job satisfaction, job performance, and life satisfaction.

III. What is Learning?

Learning occurs when practice or experience leads to a relatively permanent change in behaviour potential. We assume that learning has occurred when we see a change in our individual behaviour or performance. Employees must learn four general types of learning content: practical, intrapersonal, and interpersonal skills, and cultural awareness. Practical skills refer to job-specific skills, knowledge, and technical competence required to perform one's job. Intrapersonal skills refer to skills such as problem solving, critical thinking, and risk-taking. Interpersonal skills refer to interactive skills such as communication and teamwork. Cultural awareness refers to the cultural norms and expectations that exist in an organization.

IV. Operant Learning Theory

According to **operant learning theory**, the subject learns to operate on the environment to achieve certain consequences. Operantly learned behaviour is controlled by the consequences that follow it. The consequences depend on the behaviour, and it is this connection that is learned. Operant learning can be used to increase or reduce the probability of behaviour.

V. Increasing the Probability of Behaviour

One of the best methods of promoting behaviour is **reinforcement**, or the process by which stimuli strengthen behaviours. The two main types of reinforcement are positive reinforcement and negative reinforcement.

A. Positive Reinforcement

Positive reinforcement increases or maintains the probability of some behaviour by the application or addition of a stimulus to the situation in question. This stimulus is called the positive reinforcer. Although positive 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 positive reinforcer.

B. Negative Reinforcement

Negative reinforcement increases or maintains the probability of some behaviour by the removal of a stimulus from the situation in question. Although negative reinforcers tend to be unpleasant, they are defined only by what they do and how they work, not by their unpleasantness. A confusing point about negative reinforcers is that they increase the probability of behaviour, since we learn to repeat behaviours that remove or prevent the onset of negative stimuli.

C. Organizational Errors Involving Reinforcement

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

- Confusing Rewards with Reinforcers.

If rewards, such as pay, promotions, fringe benefits, and the opportunity for overtime are not made contingent on specific behaviour, workers might tend to become confused, since they would not know why benefits were given.

- Neglecting Diversity in Preferences for Reinforcers.

At times organizations fail to take individual differences into account when using reinforcers. Thus, what makes one worker happy, like a longer vacation, might not please a workaholic whose only pleasure in life is work.

- Neglecting Important Sources of Reinforcement.

One important source of reinforcement that managers often ignore is information that accompanies the successful performance of tasks. **Performance feedback** involves providing quantitative or qualitative information on past performance for the purpose of changing or maintaining performance in specific ways. Performance feedback is most effective when it is a) conveyed in a positive manner, b) delivered immediately after observing performance, c) represented visually, such as in graph or chart form, and d) specific to the behaviour that is being targeted for feedback. Another important source of reinforcement is social recognition. **Social recognition** involves informal acknowledgement, attention, praise, approval, or genuine appreciation for work well done from one individual or group to another.

D. Reinforcement Strategies

To obtain the fast acquisition of some response, continuous reinforcement, which is applied by the reinforcer whenever the behaviour of interest occurs, and immediate reinforcement which is applied by the reinforcer without delay, should be employed. Behaviour tends to be persistent when partial reinforcement and delayed reinforcement are employed. In partial reinforcement, not every instance of the behaviour is reinforced during learning, while with delayed reinforcement there is a time lapse between a behaviour and its reinforcement. In general, reinforcement strategies have to be altered over time to achieve the desired results, and these strategies must be altered when the needs of the situation change.

VI. Reducing the Probability of Behaviour

At times, we might wish to eliminate behaviours considered to be undesirable. Two strategies that can reduce the probability of learned behaviour are extinction and punishment.

A. Extinction

Extinction involves the gradual dissipation of behaviour following the termination of reinforcement. If workers, for example, spend too much time chatting during coffee breaks, limiting such breaks to certain hours or delivering coffee to desks, might help solve the situation.

B. Punishment

Punishment involves following an unwanted behaviour with some unpleasant, aversive stimulus. In general, organizations rely too heavily on punishment, and it should be used carefully and only when other methods of reinforcement fail to work.

C. Using Punishment Effectively

Very often when punishment is applied, another activity desired by the organization should be employed as a substitute. This will soften the effects of the punishment and indicate to the employee the activities the organization deems positive.

There are several principles that can increase the effectiveness of punishment:

- Make sure the chosen punishment is truly aversive.
- Punish immediately.
- Do not reward unwanted behaviours before or after punishment.
- Do not inadvertently punish desirable behaviour.

Punishment can be an effective means of stopping undesirable behaviour when it is applied very carefully and deliberately. In general, reinforcing correct behaviours and extinguishing unwanted responses are safer strategies for managers than the frequent use of punishment.

VII. Social Cognitive Theory

Learning and behaviour often occurs without the conscious control of positive and negative reinforcers by managers. People have the cognitive capacity to regulate and control their own thoughts, feelings, motivation, and actions. Social cognitive theory emphasizes the role of cognitive processes in regulating people's behaviour. According to social cognitive theory, human behaviour can best be explained through a system of triadic reciprocal causation in which personal factors and environmental factors work together and interact to influence people's behaviour. In addition, people's behaviour also influences personal factors and the environment. According to Albert Bandura,

social cognitive theory involves three components: modelling, self-efficacy, and self-regulation.

A. Modeling

Modeling is the process of imitating the behaviour of others. At times, workers learn to behave in a certain fashion through modeling or the process of imitating behaviour they observe. Thus, an aspiring executive might seek to dress the way the CEO does, or a junior clerk might even smoke a certain brand of cigar if upper level managers do. When the observed behaviour results in positive consequences, then the observer is likely to imitate the behaviour and to expect similar consequences when the behaviour is learned. In general, dynamic, successful people are more often used as models than boring, unsuccessful individuals.

B. Self-Efficacy

Self-efficacy refers to beliefs people have about their ability to successfully perform a specific task. It is a cognitive belief that is task specific and is the result of four sources of information: experience performing the task; observation; verbal persuasion and encouragement; and physiological state. Self-efficacy influences the activities people choose to perform, the amount of effort and persistence devoted to a task, affective and stress reactions, and job performance.

C. Self-Regulation

When employees use learning principles to manage their own behavior, they are practicing **self-regulation**. Self-regulation involves self-observation, observation of others, goal setting, rehearsal, and self-reinforcement. A key part of the process is self-set goals that guide people's behaviour. When there exists a discrepancy between one's goals and performance, individuals are motivated to modify their behaviour in the pursuit of goal attainment, a process known as discrepancy reduction. When individuals attain their goals, they are likely to set even higher and more challenging goals, a process known as discrepancy production. In this way, people continually engage in a process of setting goals in the pursuit of ever higher levels of performance. Thus, discrepancy reduction and discrepancy production lie at the heart of the self-regulatory process. Self-regulation has been found to improve learning, attendance, and job performance.

VIII. Organizational Learning Practices

Organizations employ a number of practices to enhance employee learning. These practices include organizational behaviour modification, employee recognition programs, training programs, and career development.

A. Organizational Behaviour Modification

Organizational behaviour modification (O.B. Mod.) involves the systematic use of learning principles to influence organizational behaviour. For example, in one study the use of a slide show illustrating safe, versus unsafe practices resulted in an immediate improvement. When the reinforcers were terminated, however, the percentage of safe practices returned to the old level. The effects of O.B. Mod. on task performance tend to be stronger in manufacturing than in service organizations. As well, money, feedback, and social recognition have all been found to be effective forms of positive reinforcement. Although money has been found to have stronger effects on performance than feedback and social recognition, the use of all three together has the strongest effect on task performance.

B. Employee Recognition Programs

Employee recognition programs are formal organizational programs that publicly recognize and reward employees for specific behaviours. To be effective, a formal

employee recognition program must specify (a) how a person will be recognized, (b) the type of behaviour being encouraged, (c) the manner of the public acknowledgement, and (d) a token or icon of the event for the recipient.

C. Training Programs

Training refers to planned organizational activities that are designed to facilitate knowledge and skill acquisition to change behaviours and improve performance. One of the most widely used and effective methods of training is behaviour modelling training (BMT) which is based on the modelling component of social cognitive theory. Behavioural modelling training has a positive effect on learning, skills, and job behaviour and the effects are greatest when trainees are instructed to set goals and when rewards and sanctions are used in the trainees' work environment.

D. Career Development

Career development is an ongoing process in which individuals progress through a series of stages that consist of a unique set of issues, themes, and tasks. This usually involves a career planning and career management component. Career planning involves the assessment of an individual's interests, skills, and abilities in order to develop goals and career plans. Career management involves taking the necessary steps that are required to achieve an individual's goals and career plans.

Chapter 3

I. What Is Perception?

Perception is the process of interpreting the messages of our senses to provide order and meaning to the environment. Among the most important perceptions that influence organizational behaviour are the perceptions that organizational members have of each other.

II. Components of Perception

Perception has three components – a perceiver, a target that is being perceived, and some situational context in which the perception is occurring.

A. The Perceiver

The perceiver's experience, motives, and emotions can affect his or her perceptions.

1. **Experience.** One of the most important influences on perception is experience - our past experiences lead us to develop expectations and these affect current perceptions - differences in perception caused by experience can lead to problems within organizations.
2. **Motivational State.** Differences in our needs at a given moment and our motivational state can also be a source of conflict within organizations, since our motivational states influence our perception and interpretation of events.
3. **Emotional State.** Emotional state refers to the particular emotions that an individual feels at a given time. Emotions such as anger, happiness, or fear can and do affect our perceptions. In some cases we employ a **perceptual defence** which occurs when our perceptual system serves to defend us against unpleasant emotions. In general, we tend to "see what we want to see."

B. The Target

Our perceptions are also influenced by the target's social status and ambiguity. Ambiguity or lack of information about a target leads to a greater need for interpretation and addition.

C. The Situation

The context of the situation can greatly influence our perceptions by adding information about the target.

III. Social Identity Theory

According to social identity theory, people form perceptions of themselves based on their characteristics and memberships in social categories. Our sense of self is composed of a personal identity and a social identity. Our personal identity is based on our unique personal characteristics, such as our interests, abilities, and traits. Social identity is based on our perception that we belong to various social groups, such as our gender, nationality, religion, occupation, and so on. Personal and social identities help us answer the question, "Who am I?" We categorize ourselves and others to make sense of and understand the social environment. Once a category is chosen, we tend to see members of that category as embodying the most typical attributes of that category, or what are called "prototypes." Further, people tend to perceive members of their own social categories in more positive and favourable ways than those who are different and belong to other categories.

IV. A Model of the Perceptual Process

Psychologist Jerome Bruner has developed a model of perception that deals with how we select cues in our interpretations and how this leads to perceptual constancy and consistency once we have formed our opinions. According to Bruner, when the perceiver encounters an unfamiliar target, the perceiver is very open to the informational cues contained in the target and the situation surrounding it. In this unfamiliar state, the perceiver really needs information on which to base perceptions of the target and will actively seek out cues to resolve this ambiguity. Gradually, the perceiver encounters some familiar cues that enable her to make a crude categorization of the target. At this point, the cue search becomes less open and selective. The perceiver begins to search out cues that confirm the categorization of the target. As this categorization becomes stronger, the perceiver actively ignores or even distorts cues that violate initial perceptions. Thus, perception becomes more selective and the perceptual system begins to paint a constant and consistent picture of the target.

V. Basic Biases in Person Perception

The impressions that we form of others are susceptible to a number of perceptual biases.

A. Primacy and Recency Effects

We form our impressions of others fairly quickly. One reason for this is the **primacy effect**, which is the tendency for a perceiver to rely on early cues or first impressions. Another reason is the **recency effect**, which is the tendency for a perceiver to rely on recent cues or last impressions.

B. Reliance on Central Traits

We tend to organize our perceptions of others around the presence of certain traits or personal characteristics of a target that are of particular interest to us. This concept is called reliance on **central traits** and it can have a very powerful influence on our perceptions of others.

C. Implicit Personality Theories

Each of us has an **implicit personality theory** about which personality characteristics go together. For example, we might assume that hard workers are all honest or that slow workers are not very bright.

D. Projection

The tendency to attribute one's own thoughts and feelings to others is called **projection**. If we are always honest, for example, we often assume that others are too.

E. Stereotyping

The assumption that people have certain characteristics by virtue of the category they fall into is known as **stereotyping**. It is the tendency to generalize about people in a social category and ignore variations among them. Thus we might assume that all scientists are bright and that all football players are ignorant. Since most stereotyping is inaccurate, it is best to obtain information about targets before jumping to conclusions.

VI. Attribution: Perceiving Causes and Motives

Attribution is the process by which causes or motives are assigned to explain other people's behaviour. **Dispositional attributions** suggest that some personality characteristic or intellectual characteristic unique to the person is responsible for the behaviour. **Situational attributions** suggest that the external situation or environment in which the target person exists was responsible for the behaviour.

People rely on external cues to make inferences about the causes of people's behaviour. Research indicates that as we gain experience with the behaviour of a target person, these cues guide our decisions as to whether we should attribute the behaviour to dispositional or situational factors.

A. Consistency Cues

Consistency cues reflect how consistently a person engages in some behaviour over time. We tend to perceive behaviour that a person performs regularly as indicative of his or her true motives.

B. Consensus Cues

Consensus cues reflect how a person's behaviour compares to that of others. In general, acts which deviate from social expectations provide us with more information about the actor's motives than conforming behaviours do.

C. Distinctiveness Cues

Distinctiveness cues reflect the extent to which a person engages in some behaviour across a variety of situations. When a person's behaviour occurs across a variety of situations and lacks distinctiveness we are prone to make a dispositional attribution about its cause.

D. Attribution in Action

We often have information at hand about consistency, consensus, and distinctiveness, and we tend to use this information whenever we judge people and their behaviour. High consistency, low consensus, and low distinctiveness results in a dispositional attribution. High consistency, high consensus, and high distinctiveness results in a situational attribution.

E. Biases in Attribution

Despite our best efforts in attributing and interpreting behaviour, several errors and biases can occur in the attribution process.

- **Fundamental Attribution Error.** When judging the behaviour of people other than ourselves, we tend to overemphasize dispositional explanations for behaviour at the expense of situational explanations. This is called the **fundamental attribution error**.
- **Actor-Observer Effect.** Actors and observers often view the causes for the actor's behaviour very differently. Actors tend to emphasize the situation while observers emphasize dispositional. This difference in attributional perspectives is called the **actor-observer effect**.
- **Self-Serving Bias.** The tendency to take credit for successful outcomes and to deny responsibility for failures is called the **self-serving bias**.

VII. Person Perception and Workforce 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. Workforce diversity is an important issue today because the workforce is becoming more diverse and there is growing recognition that many organizations have not successfully managed workforce diversity.

A. The Changing Workplace

The composition of the workforce is changing. Changing immigration patterns, the ageing baby boomers, and the increasing movement of women into paid employment have created greater diversity in the workplace. Globalization, mergers, and strategic alliances also require that employees interact with people from different cultures.

B. Valuing Diversity

A critical motive for valuing diversity is the basic fairness of doing so. In addition, there is increasing awareness that diversity and its proper management can yield strategic and competitive advantages.

C. Stereotypes and Workforce Diversity

A major barrier to valuing diversity is the stereotype. Common workplace stereotypes are based on gender, age, race, and ethnicity.

Racial and Ethnic Stereotypes. Stereotypical views of other races and cultures are pervasive, persistent, frequently negative, and often self-contradictory. Stereotypical views that "African Americans can't handle pressure" or that "Asian Americans are technical wizards" have interfered with their opportunities for advancement to upper management positions.

Gender Stereotypes. Women are severely underrepresented in managerial and administrative jobs. Since males dominate business and many males have a false stereotype of women's executive capabilities, women have not been able to advance as easily as men to higher management levels. Women suffer from a stereotype that is detrimental to their hiring, development, promotion, and salaries.

Age Stereotypes. Knowing that a person falls into a certain age range, we have a tendency to make certain assumptions about the person's physical, psychological, and intellectual capabilities. For example, older people tend to be perceived as having less capacity for performance than younger people. They are also viewed as being less productive and lacking the potential for development. As a result of these false

stereotypes, many older people have experienced discrimination, and many have taken their complaints to human rights agencies.

D. Managing Diversity

Diversity needs to be managed to have a positive impact on work behaviour. Management can use a number of strategies:

- 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.

Diversity programs will be most successful when the following actions are taken as part of a diversity initiative: Build senior management commitment and accountability; conduct a thorough needs assessment; develop a well-defined strategy tied to business results; emphasize team building and group process training; and establish metrics and evaluate the effectiveness of diversity initiatives.

VIII. Perceptions of Trust

Trust refers to a willingness to be vulnerable and to take risks with respect to the actions of another party. Trust perceptions toward management are based on three distinct perceptions: ability, benevolence, and integrity. Ability refers to employee perceptions regarding management's competence and skills. Benevolence refers to the extent that employees perceive management as caring and concerned for their interests, and willing to do good for them. Integrity refers to employee perceptions that management adheres to and behaves according to a set of values and principles that employees find acceptable. The combination of these three factors influences perceptions of trust.

IX. Perceived organizational support

Perceived organizational support (POS) refers to employees' general belief that their organization values their contribution and cares about their well-being. The main factors that contribute to POS are supervisor support, fairness, organizational rewards, and job conditions. POS is related to job satisfaction, organizational commitment, a positive mood, performance, reduced strains, and lower absenteeism and turnover. Supportive human resource practices that demonstrate an investment in employees and recognition of employee contributions are most likely to lead to the development of greater POS.

X. Person Perception in Human Resources

A. Perceptions in the Employment Interview

Research shows that the interview is a valid selection device, although it is far from perfectly accurate, especially when the interviewer conducts it in an unstructured, free-form format.

The interview is a difficult setting in which to form accurate impressions about others. Interviewers often adopt "perceptual crutches" that hinder accurate perception. For example, when applicants previously interviewed affect the interviewer's perception of a current candidate, we see the **contrast effect**. Previously interviewed job applicants affect an interviewer's perception of a current applicant, leading to an exaggeration of differences between applicants. These effects can help or hinder a current interview, and can create false impressions of a candidate's qualifications.

The validity of the interview improves when it is structured. Interview structure involves four dimensions: evaluation standardization, question sophistication, question consistency, and rapport building. Interviews are more likely to be structured when the interviewer had formal interview training and focuses on selection rather than recruitment during the interview.

B. Perceptions of Recruitment and Selection

According to signalling theory, job applicants interpret their recruitment experiences as cues or signals about what it is like to work in an organization. These perceptions are important because they influence a job applicant's likelihood of remaining in the selection process and accepting a job offer. Applicants also form perceptions toward organizations based on the selection tests they are required to complete. They form more positive perceptions of the selection process when selection procedures are perceived as fair and applicants who have more positive perceptions of selection fairness are more likely to view the organization favourably and to have stronger intentions to accept a job offer and recommend the organization to others.

C. Perceptions and the Performance Appraisal

Organizations need to measure performance for decisions about pay raises, promotions, and training needs. This involves the use of objective and subjective measures of performance.

A. Objective and Subjective Measures

Objective measures, such as attendance records and sales figures, can be used to measure performance. These are measures that do not involve a substantial degree of human judgment. At times, however, subjective measures such as rating scales and observers' opinions are also used to measure performance. However, observers' are confronted by a number of perceptual roadblocks and rater errors.

B. Rater Errors

When subjective performance is measured, several rater errors can occur. **Leniency** refers to the tendency to perceive the performance of ratees as especially good. **Harshness** is the tendency to perceive the performance of ratees as especially ineffective. **Central tendency** involves assigning most ratees to middle-range performance categories.

Other perceptual errors include the **halo effect**. The halo effect occurs when the observer allows the rating of an individual on one trait or characteristic to colour the ratings on other traits or characteristics. The **similar-to-me effect** occurs when a rater gives more favourable evaluations to people who are similar to the rater in terms of background or attitudes.

Because it is difficult to get good subjective evaluations of employee performance, a number of techniques have been developed for reducing perceptual errors and biases. One example of this is a behaviourally anchored rating scale that gives very specific behavioural examples of effective and ineffective performance.

Chapter 4

I. What Are Values?

Values can be defined as a "broad tendency to prefer certain states of affairs over others." Not everyone holds the same values. Values may be classified into intellectual, economic, social, aesthetic, and political categories.

A. Occupational Differences in Values

Members of different occupational groups espouse different values. Salespeople rank social values less than the average person, while professors value "equal opportunity for all" more than the average person. People tend to choose occupations and organizations that correspond to their values.

B. Values Across Cultures

Cross-cultural differences often contribute to failed business negotiations. As well, research shows that anywhere from 16 to 40 percent of managers who receive foreign assignments terminate them early because they perform poorly or do not adjust to the culture. At the root of many of these problems might be a lack of appreciation of basic differences in work-related values across cultures.

Work Centrality. Different cultures value work differently. People for whom work is a central life interest tend to work longer hours. Thus, Japanese managers tend to work longer hours than their North American or British counterparts. This illustrates how cross-cultural differences in work centrality can lead to adjustment problems for foreign employees and managers.

Hofstede's Study. Geert Hofstede, a social scientist, studied over 116,000 IBM employees in forty countries about their work-related values. His results show that differences occurred across cultures in four basic dimensions of work-related values: power distance, uncertainty avoidance, masculinity/femininity, and individualism/collectivism. Subsequent work resulted in a fifth dimension, the long-term/short-term orientation.

- **Power distance** is the extent to which an unequal distribution of power is accepted by society members. In small power distance cultures, inequality is minimized, superiors are accessible, and power differences are downplayed. In large power distance societies, inequality is accepted as natural, superiors are inaccessible, and power differences are highlighted.
- **Uncertainty avoidance** is the extent to which people are uncomfortable with uncertain and ambiguous situations. Strong uncertainty avoidance cultures stress rules and regulations, hard work, conformity, and security. Cultures with weak uncertainty avoidance are less concerned with rules, conformity, and security, and hard work is not seen as a virtue. However, risk taking is valued.
- Another cultural value that differs across cultures is known as masculinity/femininity. More masculine cultures clearly differentiate gender roles, support the dominance of men, and stress economic performance. More feminine cultures accept fluid gender roles, stress sexual equality, and stress quality of life.
- **Individualistic** cultures stress independence, individual initiative and privacy. **Collective** cultures favour interdependence and loyalty to family or clan.
- Another cultural value that differs across cultures is known as long-term/short-term orientation. Cultures with a long-term orientation tend to stress persistence, perseverance, thrift, and close attention to status differences. Cultures with a short-term orientation stress personal steadiness and stability, face-saving, and social niceties.

C. Implications of Cultural Variation

- **Exporting OB Theories.** An important message from the cross-cultural study of values is that organizational behaviour theories, research, and practices from North America might not translate well to other societies, even the one located just south of Texas .
- **Importing OB Theories.** As well, not all theories and practices that concern organizational behaviour are perfected in North America or even in the West. Understanding cultural value differences can enable organizations to successfully import management practices by tailoring the practice to the home culture's concerns.
- **Appreciating Global Customers.** An appreciation of cross-cultural differences in values is essential to understanding the needs and tastes of customers or clients around the world.

- **Developing Global Employees.** Given these differences in cultural values, it is important for managers to take care when exporting or importing OB theories and appreciating global customers. An awareness of cross-cultural differences in values can help managers better appreciate global customers and develop global employees. Companies need to select, train, and develop employees to have a much better appreciation of differences in cultural values and the implications of these differences for behaviour in organizations.

II. What Are Attitudes?

An **attitude** is a fairly stable evaluative tendency to respond consistently to some specific object, situation, person, or category of people. Attitudes are tendencies to respond to the target of the attitude. Thus, attitudes often influence our behaviour toward some object, situation, person, or group. Attitudes are a function of what we think and what we feel. That is, attitudes are the product of a related belief and value.

Belief + Value = Attitude > Behaviour.

Most attempts at attitude change are initiated by a communicator who tries to use persuasion of some form to modify the beliefs or values of an audience that supports a currently held attitude. Persuasion that is designed to modify or emphasize certain values is emotionally oriented, whereas persuasion designed to modify or emphasize certain beliefs is rationally oriented.

III. What Is Job Satisfaction?

Job satisfaction refers to a collection of attitudes that workers have about their jobs. Facet satisfaction refers to the tendency for an employee to be more or less satisfied with various facets of the job. Overall satisfaction refers to a person's attitude toward his or her job that cuts across the various facets. Job satisfaction is measured by the Job Descriptive Index (JDI) and the Minnesota Satisfaction Questionnaire (MSQ). Both of these questionnaires can give effective measurements of satisfaction.

IV. What Determines Job Satisfaction?

When workers complete the JDI or the MSQ, we often find differences in the average scores across jobs and by individuals performing the same job in a given organization. For example, two nurses who work side by side might indicate radically different satisfaction in response to the MSQ item "The chance to do things for other people". How does this happen?

A. Discrepancy

According to **discrepancy theory**, job satisfaction stems from the discrepancy between the job outcomes wanted and the outcomes that are perceived to be obtained. Thus, a person wanting to be a baseball pitcher might be dissatisfied with the team when placed in an outfield position. In general, employees who have more of their job-related desires met will report more overall job satisfaction.

B. Fairness

In addition to the discrepancy between the outcomes people receive and those they desire, the other factor that determines job satisfaction is fairness.

- **Distributive fairness** (often called distributive justice) occurs when people receive what they think they deserve from their jobs.

Equity theory suggests that job satisfaction stems from a comparison of the inputs that one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group. **Inputs** consist of anything

that people give up, offer, or trade to their organization in exchange for outcomes. This might include factors such as education, training, seniority, hard work, and high-quality work. **Outcomes** are factors that an organization distributes to employees in exchange for their inputs. These might include pay, benefits, promotions, recognition or anything else of value to employees. In general, people who work harder and are better educated than their peers expect higher rewards. Should these not be attained, the hard workers will be upset and angry over the lack of fair treatment and experience inequity. Inequity is a dissatisfying state of affairs and leads to job dissatisfaction. Thus, the equitable distribution of work outcomes contributes to job satisfaction by providing for feelings of distributive fairness.

- **Procedural fairness** (often called procedural justice) occurs when the process used to determine work outcomes is seen as reasonable. It has to do with the process that led to those outcomes. In allocating outcomes, the following factors contribute to perceptions of procedural fairness: Adequate reasons for a decision; consistent procedures used over time and across people; accurate information is used; two-way communication is used; and an appeals system.

These factors will contribute to a perception of fairness and help workers to believe they are getting a "fair shake." Procedural fairness seems especially likely to provoke dissatisfaction when people also see distributive fairness as being low.

- **Interactional fairness** (often called interactional justice) occurs when people feel that they have received respectful and informative communication about some outcome. Interactional fairness is important because it is possible for fair outcomes or procedures to be perceived as unfair when they are inadequately or uncaringly explained. People who experience procedural unfairness tend to be dissatisfied with the "system." People who experience interactional unfairness are more likely to be dissatisfied with their boss. Procedural and interactional fairness can to some extent offset the negative effects of distributive unfairness.

C. Disposition

According to the dispositional view of job satisfaction, some people are predisposed by virtue of their personalities to be more or less satisfied despite changes in discrepancy or fairness. Researchers have found that some personality characteristics originating in genetics or early learning contribute to adult satisfaction. People who are extraverted and conscientious tend to be more satisfied with their jobs, while those high in neuroticism are less satisfied. People who are high in self-esteem and internal locus of control are also more satisfied. In general, people who are more optimistic and proactive report higher job satisfaction.

D. Mood and Emotion

Affect is also a determinant of job satisfaction. Affect is a broad label for feelings. These feelings include **emotions**, which are intense, often short-lived, and caused by a particular event such as a bad performance appraisal. Common emotions include joy, pride, anger, fear, and sadness. Affect also refers to **moods**, which are less intense, longer-lived, and more diffuse feelings. Affective Events Theory explains how emotions and moods affect job satisfaction. Jobs consist of a series of events and happenings that have the potential to provoke emotions or to influence moods, depending on how we appraise these events and happenings.

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**. This is the requirement for people to conform to certain "display rules" in their job behaviour in spite of their true mood or emotions. Service roles such as waiter, bank teller, and flight attendant are especially laden with display rules. There is growing evidence that the frequent need to suppress negative emotions takes a toll on job satisfaction and increases stress. Some research suggests that the

requirement to express positive emotions boosts job satisfaction. There is also some evidence that people in occupations with high cognitive demands tend to be paid more when the jobs are also high in emotional labour. On the other hand, occupations with low cognitive demands entail a wage penalty when emotional labour is higher.

E. Key Contributors to Job Satisfaction

While job satisfaction is a highly personal experience, there are a number of facets that seem to contribute the most to feelings of job satisfaction for most North American workers.

Mentally Challenging Work. This is work that tests employees' skills and abilities and allows them to set their own working pace. Employees generally perceive such work as personally involving and important.

Adequate Compensation. Pay and satisfaction are positively related.

Career Opportunities. The ready availability of promotions that management administers according to a fair system contributes to job satisfaction.

People. Friendly, considerate, good-natured superiors and co-workers contribute to job satisfaction as do people who can help us attain job outcomes that we value.

V. Consequences of Job Satisfaction

Job satisfaction has important personal and organizational consequences beyond mere happiness with the job. Many organizations have maintained a competitive advantage by paying particular attention to employee satisfaction.

A. Absence from Work

Some \$46 billion in losses occur yearly in American companies due to excessive absenteeism. Canadian estimates cost up to \$10 billion and are on the rise. However, the association between job satisfaction and absenteeism is fairly small. The satisfaction facet that is the best predictor of absenteeism is the content of the work itself. The connection between job satisfaction and good attendance probably stems in part from the tendency for job satisfaction to facilitate mental health and satisfaction with life in general.

B. Turnover

Turnover is very expensive for organizations. As we move up the organizational hierarchy, or into technologically complex jobs, such costs escalate dramatically. Research indicates a moderately strong connection between job satisfaction and turnover. In other words, less-satisfied workers are more likely to quit. However, the relationship between job satisfaction and turnover is far from perfect. This is because many other factors are involved. Job satisfaction and commitment to the organization and various "shocks" contribute to intentions to leave. Further, reduced satisfaction or commitment can also stimulate a more deliberate evaluation of the utility of quitting and a careful job search and evaluation of job alternatives. Substantial research indicates that stated intentions to quit are better predictors of turnover than job satisfaction.

Although satisfied people sometimes quit their jobs and dissatisfied people sometimes stay, a decrease in job satisfaction often precedes turnover. Further, those who quit often experience a boost in 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 these bad facets are recognized, a "hangover effect" can occur in which overall satisfaction with the new job decreases

C. Performance

Job satisfaction is associated with higher job performance. However, the connection between satisfaction and performance is complicated, because many factors influence motivation and performance besides job satisfaction. The most important facet has to do with the content of the work itself. Interesting, challenging jobs are most likely to stimulate high performance. Although job satisfaction contributes to performance, performance probably also contributes to job satisfaction. When good performance is followed by rewards, employees are more likely to be satisfied.

D. Organizational Citizenship Behaviour

Organizational citizenship behaviour is voluntary, informal behaviour that contributes to organizational effectiveness. Helping another worker, being friendly and cooperative, volunteering for extra work, and conscientious attention to detail are examples of good organizational citizenship behaviour. Organizational citizenship behaviour can take various forms including helping behaviour, conscientiousness to the details of work, being a good sport, and courtesy and cooperation. Fairness seems to be a key factor in the relationship between job satisfaction and organizational citizenship behaviour. Procedural and interactional fairness on the part of a supportive manager seems especially critical. OCB is also influenced by employees' mood at work.

E. Customer Satisfaction and Profit

Employee job satisfaction is related to customer or client satisfaction and organizational profitability. Organizations with higher average levels of employee satisfaction are more effective. The reasons for this include reduced absenteeism and turnover which contribute to the seamless delivery of service, as well as OCBs that stimulate good teamwork.

VI. What Is Organizational Commitment?

Organizational commitment is an attitude that reflects the strength of the linkage between an employee and an organization. Understanding this phenomenon requires that we examine the types, causes, and consequences of commitment.

Researchers John Meyer and Natalie Allen have identified three different types of organizational commitment:

- **Affective commitment** is based on identification and involvement with an organization.
- **Continuance commitment** is based on the costs that would be incurred in leaving an organization.
- **Normative commitment** is based on ideology or a feeling of obligation to an organization

A. Key Contributors to Organizational Commitment

The causes of the three forms of commitment tend to differ. Interesting, satisfying work, role clarity, and having one's expectations met after hiring are good predictors of affective commitment. Continuance commitment increases with the length of time an employee spends in an organization and is affected by the prospects of alternate employment. Normative commitment is strongest where a sense of obligation or loyalty to the organization can be fostered.

B. Consequences of Organizational Commitment

There are a number of consequences of commitment. There is evidence that all forms of commitment reduce turnover intentions and actual turnover. However, very high levels of commitment can also cause conflicts between work and family life, unethical

and illegal behaviour, and resistance to change. Organizations should also be careful which type of commitment to foster. Affective commitment is positively related to performance, but continuance commitment is negatively related to performance.

C. Changes in the Workplace and Employee Commitment

In an era of layoffs, downsizing, restructuring, and reengineering, there is evidence that employees are losing commitment to their organizations. John Meyer, Natalie Allen, and Laryssa Topolnytsky have suggested that changes in the workplace can impact employee commitment in three main areas:

- Changes in the nature of employees' commitment to the organization. Changes in the workplace can have an impact on all three types of organizational commitment causing them to increase or decrease.
- Changes in the focus of employee commitment. The focus of employee commitment might change and can include entities within the organization as well as entities outside of the organization such as one's occupation, career, and union.
- The multiplicity of employer-employee relationships within organizations. Organizations might have a group of core employees who perform key operations and whose affective commitment is fostered. Other employee groups might consist of contractual arrangements or individuals hired on a temporary basis who do not perform core tasks and whose commitment to the organization is not as important.

Chapter 5

I. Why Study Motivation?

Motivation is one of the most traditional topics in organizational behaviour and it has become more important in contemporary organizations as a result of the need for increased productivity to be globally competitive and the rapid changes that organizations are undergoing.

II. What is Motivation?

When we speak about motivation we usually mean that a person "works hard," "keeps at" his or her work, and directs his or her behaviour toward appropriate outcomes.

A. Basic Characteristics of Motivation

Motivation is the extent to which persistent effort is directed toward a goal.

The four basic characteristics of motivation are effort, persistence, direction, and goals.

Effort. This refers to the strength of a person's work-related behaviour.

Persistence. This refers to the persistence that individuals exhibit in applying effort to their work tasks.

Direction. This refers to the quality of a person's work related behaviour.

Goals. This refers to the ends towards which employees direct their effort.

B. Extrinsic and Intrinsic Motivation

Experts in organizational behaviour distinguish between intrinsic and extrinsic motivation. **Intrinsic motivation** stems from the direct relationship between the worker and the task and it is usually self-applied. **Extrinsic motivation** stems from the work environment external to the task and it is usually applied by someone other

than the person being motivated. The extrinsic/intrinsic motivation relationship suggests that if intrinsic outcomes and extrinsic outcomes are both highly attractive, they should contribute to motivation in an additive fashion. In general, research has shown that both extrinsic and intrinsic rewards are necessary to enhance motivation in actual work settings.

C. Motivation and Performance

Performance can be defined as the extent to which an organizational member contributes to achieving the objectives of the organization. Although there is a positive relationship between motivation and performance, the relationship is not one-to-one because other factors such as personality, general cognitive ability, emotional intelligence, task understanding, and chance can intervene.

General Cognitive Ability. **General cognitive ability** refers to a person's basic information processing capacities and cognitive resources. General cognitive ability predicts learning and training success as well as job performance in all kinds of jobs and occupations. It is an even better predictor of performance for more complex and higher-level jobs that require the use of more cognitive skills.

Emotional Intelligence. **Emotional intelligence** (EI) has to do with an individual's ability to understand and manage his or her own and others' feelings and emotions. Peter Salovey and John Mayer have developed an EI model that consists of four interrelated sets of skills or branches. The four skills represent sequential steps that form a hierarchy. Beginning from the first and most basic level, the four branches are: Perception of emotions, integration and assimilation of emotions, knowledge and understanding of emotions, and management of emotions. EI has been found to predict performance in a number of areas including work performance and academic performance. It is most likely to predict performance in jobs that involve a lot of social interaction and require high levels of emotional intelligence.

III. What is Employee Engagement?

Engagement involves the extent to which an individual immerses his or her true self into his or her work roles. When people are engaged, they employ and express themselves physically, cognitively, and emotionally during role performances. When a person is disengaged, they withdraw and defend themselves physically, cognitively, or emotionally during role performances. Two important components of employee engagement are attention and absorption. Three psychological conditions that contribute to engagement are psychological meaningfulness, safety, and availability.

IV. Need Theories of Work Motivation

Need theories of motivation attempt to specify the kinds of needs people have and the conditions under which they will be motivated to satisfy these needs in a way that contributes to performance. Needs are physiological and psychological wants or desires that individuals can satisfy by acquiring certain incentives or achieving particular goals. It is the behaviour stimulated by this acquisition process that reveals the motivational character of needs:

NEEDS --> BEHAVIOUR --> INCENTIVES AND GOALS

Need theories are concerned with "what" motivates workers (needs and their associated incentives or goals). They can be contrasted with process theories, which are concerned with exactly "how" various factors motivate people. Need theories and process theories are complementary rather than contradictory.

A. Maslow's Hierarchy of Needs

Psychologist Abraham Maslow developed a theory based on satisfying certain needs. **Maslow's hierarchy of needs** is a five-level hierarchical need theory of motivation

that specifies that the lowest-level unsatisfied need has the greatest motivating potential. These needs include physiological needs, safety needs, belongingness needs, esteem needs, and self-actualization needs. According to Maslow's hierarchy of needs, motivation depends on the person's position in the need hierarchy. Individuals are motivated to satisfy their physiological needs before they show interest in their self-esteem or safety needs. When needs at a particular level of the hierarchy are satisfied, the individual turns his or her attention to the next higher level. Maslow's hierarchy also implies that a satisfied need is no longer an effective motivator.

B. Alderfer's ERG Theory

Another need-based theory called ERG theory was developed by Clayton Alderfer. **ERG theory** is a three level hierarchical need theory of motivation that allows for movement up and down the hierarchy. The name ERG stems from the compression of Maslow's five-category need system into three categories of needs: existence, relatedness, and growth needs.

Alderfer's theory differs from Maslow's theory in that there is not a rigid hierarchy of needs and that if higher-level needs are ungratified, individuals will increase their desire for the gratification of lower-level needs.

C. McClelland's Theory of Needs

Psychologist David McClelland has developed a need theory based on the specific behavioural consequences of needs rather than a hierarchy of needs. **McClelland's theory of needs** 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.

People high in the **need for achievement** have a strong desire to perform challenging tasks. They also exhibit the following characteristics: A preference for situations in which personal responsibility can be taken for outcomes; a tendency to set moderately difficult goals that provide for calculated risks; and a desire for performance feedback.

People high in the **need for affiliation** have a strong desire to establish and maintain friendly, compatible interpersonal relationships. People high in the **need for power** have a strong desire to influence others, making a significant impact or impression. McClelland predicts that people will be motivated to seek out and perform well in jobs that match their needs. McClelland has found that the most effective managers have low *n* Aff, high *n* Pow, and use their power to achieve organizational goals.

D. Research Support for Need Theories

Research results show that need theories are valid under certain circumstances. The simplicity and flexibility of ERG theory seem to capture the human need structure better than the greater complexity and rigidity of Maslow's theory. Research on McClelland's theory is generally supportive of the idea that particular needs are motivational when the work setting permits the satisfaction of these needs.

E. Managerial Implications of Need Theories

Need theories have some important things to say about managerial attempts to motivate employees.

- **Appreciate Diversity.** Managers must be adept at evaluating the needs of individual employees and offering incentives or goals that correspond to their needs.
- **Appreciate Intrinsic Motivation.** Need theories also serve the valuable function of alerting managers to the existence of higher-order needs. Therefore, need theories indicate the importance of appreciating diversity and intrinsic motivation.

V. Process Theories of Work Motivation

Need theories of motivation concentrate on *what* motivates individuals, while **process theories** concentrate on *how* motivation occurs. Three important process theories are expectancy theory, equity theory, and goal setting theory.

A. Expectancy Theory

The basic idea underlying **expectancy theory** is the belief that motivation is determined by the outcomes that people expect to occur as a result of their actions on the job. There are a number of basic components of expectancy theory.

- **Outcomes** are the consequences that may follow certain work behaviours. First-level outcomes are of interest to the organization, such as productivity. Second-level outcomes are consequences of first-level outcomes and of interest to individual workers, such as pay.
- **Instrumentality** is the probability that a particular first-level outcome (such as high productivity) will be followed by a particular second-level outcome (such as pay).
- **Valence** is the expected value of outcomes; the extent to which they are attractive or unattractive to the individual. The valence of first-level outcomes is the sum of products of the associated second-level outcomes and their instrumentalities. It depends on the extent to which it leads to favourable second-level outcomes.
- **Expectancy** is the probability that a particular first-level outcome can be achieved.
- **Force** is the effort directed toward a first-level outcome and is the end product of the other components of the theory. We expect that an individual's effort will be directed toward the first-level outcome that has the highest force product (force = first-level valence x expectancy).

The main concepts of expectancy theory are that people will be motivated to engage in those work activities that they find attractive and that they feel they can accomplish. The attractiveness of various work activities depends upon the extent to which they lead to favourable personal consequences.

B. Research Support for Expectancy Theory

Tests have provided moderately favourable support for expectancy theory. In particular, there is especially good evidence that the valence of first-level outcomes depends on the extent to which they lead to favourable second-level consequences. Experts in motivation generally accept expectancy theory.

C. Managerial Implications of Expectancy Theory

The motivational practices suggested by expectancy theory involve “juggling the numbers” that individuals attach to expectancies, instrumentalities, and valences.

Boost Expectancies. One of the most basic things managers can do is ensure that their employees expect to be able to achieve first-level outcomes that are of interest to the organization. Low expectancies might be due to poor equipment or tools; lazy co-workers; employees might not understand what is considered to be good performance; or employees might not understand how to obtain a good performance rating. Expectancies can usually be enhanced by providing proper equipment and training, demonstrating correct work procedures, carefully explaining how performance is evaluated, and listening to employee performance problems. The point is to clarify the path to beneficial first-level outcomes.

Clarify Reward Contingencies. Managers should also attempt to ensure that the paths between first- and second-level outcomes are clear. Employees should be convinced

that first-level outcomes desired by the organization are clearly instrumental in obtaining positive second-level outcomes and avoiding negative outcomes.

Appreciate Diverse Needs. Managers should also analyze the diverse preferences of particular workers and attempt to design individualized “motivational packages” to meet their needs.

D. Equity Theory

Equity theory is a process theory that states that motivation stems from a comparison of the inputs that one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group. According to the theory, individuals are motivated to maintain an equitable exchange relationship. Inequity is unpleasant and tension producing and people will devote considerable energy to reducing inequity and achieving equity. Individuals that perceive inequity might use a number of tactics to regain equity: Perceptually distort one's own inputs or outcomes; perceptually distort the inputs or outcomes of the comparison other or group; choose another comparison person or group; alter one's inputs or alter one's outcomes; and leave the exchange relationship.

The first three tactics for reducing inequity are essentially psychological, while the last two involve overt behaviour.

Gender and Equity. Both women and men have some tendency to choose same-sex comparison persons when judging the fairness of the outcomes that they receive.

Research Support for Equity Theory. Research on equity theory is very supportive of the theory when inequity occurs because of underpayment. For example, when workers are underpaid on an hourly basis, they tend to lower their inputs by producing less work. Also, when workers are underpaid on a piece-rate basis, they tend to produce a high volume of low-quality work. Finally, there is also evidence that underpayment inequity leads to resignation. The theory's predictions regarding overpayment inequity have received less support.

Managerial Implications of Equity Theory. The most straightforward implication of equity theory is that perceived underpayment will have a variety of negative motivational consequences for the organization, including low productivity, low quality, theft, and /or turnover. Managers must understand that feelings of inequity stem from a perceptual social comparison process in which the worker “controls the equation,” that is, employees decide what are considered relevant inputs, outcomes, and comparison persons, and management must be sensitive to these decisions. Understanding the role of comparison people is especially crucial.

E. Goal Setting Theory

Goal setting is a motivational technique that uses specific, challenging, and acceptable goals and provides feedback to enhance performance.

F. What Kinds of Goals Are Motivational?

Goals are most motivational when they are specific, challenging, and when organizational members are committed to them. In addition, feedback about progress toward goal attainment should also be provided. The effects of goals on performance are due to four mechanisms: direction, effort, persistence, and task-relevant strategies.

Goal Specificity. Specific goals specify an exact level of achievement for people to accomplish in a particular time frame.

Goal Challenge. Goals should be difficult but attainable.

Goal Commitment. Goals are not really goals unless people are committed to them and accept them.

Goal Feedback. Specific and challenging goals have the most beneficial effect when they are accompanied by ongoing feedback that enables the person to compare current performance with the goal.

G. Enhancing Goal Commitment

Some of the factors that might affect commitment to challenging and specific goals are participation, rewards and management support.

Participation. Research results are mixed, but participation can often increase commitment when a climate of mistrust exists between supervisor and employee. Also, participation can increase performance when competition or team spirit increase the difficulty of goals an employee is willing to attempt to reach.

Rewards. While there is little doubt that extrinsic rewards like money will increase commitment, there is also ample evidence that simply being challenged to do the job "right" can produce goal commitment. Goal setting has led to performance increases without the introduction of monetary incentives for goal accomplishment.

Supportiveness. There is considerable agreement that a coercive approach to goal setting on the part of supervisors will reduce goal commitment. For goal setting to work properly, supervisors must demonstrate a desire to assist employees in goal accomplishment and behave supportively if failure occurs, even adjusting the goal downward if it proves to be unrealistically high.

H. Goal Orientation

Individuals have been found to differ in their goal orientation. **Learning goals** are process-oriented goals that focus on learning and enhance understanding of a task and the use of task strategies. **Performance goals** are outcome-oriented goals that focus attention on the achievement of specific performance outcomes. A learning goal orientation has been found to be related to greater effort, self-efficacy, goal-setting level, and performance.

I. Research Support for and Managerial Implications of Goal Setting Theory

Research Support. Goal setting has led to increased performance on a wide variety of tasks. As well, the effects of goal setting appear to persist over a long enough time to have practical value. However, the effects of goal setting depend on the nature of the task. The effect is strongest for simpler jobs rather than more complex jobs. Research has also found that when individuals lack the knowledge or skill to perform a complex task, a specific and challenging performance goal can decrease rather than increase performance relative to a do-your-best goal. When a task is straightforward, a specific, high performance goal results in higher performance than a do-your-best goal. A specific, high learning goal is more effective than a specific, high performance goal or a do-your-best goal when individuals are learning to perform a complex task. The effect of group goal setting on group performance is similar to the effect of individual goal setting.

Managerial Implications. The managerial implications of goal setting theory are straightforward: Set specific and challenging goals and provide ongoing feedback so that individuals can compare their performance with their goals. The performance impact of goal setting is strongest for simpler jobs rather than more complex jobs. When a task is novel or complex and individuals need to acquire new knowledge and skills for good performance, setting a specific learning goal will be more effective than setting a high performance goal. Setting a high performance goal will be most effective when individuals already have the ability to perform a task effectively

VI. Do Motivation Theories Translate Across Cultures?

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. For example, in more collective societies, self-actualization is not the motivator that it is in North America. In collective cultures, there is a tendency to favour reward allocation based on equality rather than equity. Because of its flexibility, expectancy theory is very effective when applied cross-culturally. Finally, 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. For example, individual goals are not likely to be accepted or motivational in collectivist cultures. Thus, appreciating cultural diversity is critical in maximizing motivation.

VII. Putting it all Together: Integrating Theories of Work Motivation

Each of the theories of motivation helps us to understand the motivational process and together they form an integrative model of motivation. For example, expectancy and instrumentality from expectancy theory and goals from goal setting theory should lead to higher levels of motivation. Motivation along with the intervening factors of personality, general cognitive ability, emotional intelligence, task understanding, and chance will influence performance. When performance is followed up with rewards that satisfy workers needs (need theory) and are positively valent (expectancy theory) they will lead to higher levels of motivation and job satisfaction provided they are perceived as equitable (equity theory). Job satisfaction also leads to performance.

In summary, each theory of motivation helps us to understand a different part of the motivational process.

Chapter 6

I. Money as a Motivator

The money that employees receive in exchange for organizational membership is usually a package made up of pay and various other fringe benefits that have dollar values, such as insurance plans, sick leave, and vacation time. We are mainly concerned with the motivational characteristics of pay. Employees and managers, however, seriously underestimate the importance of pay as a motivator.

Motivation theories suggest that 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. Research has found that financial incentives and pay-for-performance plans increase performance and lower turnover. In general, the ability to earn money for outstanding performance is a competitive advantage for attracting, motivating, and retaining employees.

A. Linking Pay to Performance on Production Jobs

The prototype of all schemes to link pay to performance on production jobs is piece-rate. Under a **piece-rate** system, workers are paid a certain sum of money for each completed unit of production completed. Various schemes that link pay to performance on production jobs are called **wage incentive plans** which often offer a bonus for production over a minimum quota. These wage incentives have often resulted in increases in productivity.

B. Potential Problems with Wage Incentives

Despite their theoretical and practical attractiveness, wage incentives have some potential problems when they are not managed with care.

Lowered Quality. It is sometimes argued that wage incentives can increase productivity at the expense of quality. While adequate systems can usually be put in place to monitor and maintain quality in manufacturing operations, wage incentives that increase "through-put" in service contexts are more difficult to control.

Differential Opportunity . A threat to the establishment of wage incentives exists when workers have differential opportunities to produce at a high level. Sometimes access to raw materials or the quality of production equipment can give some workers an unfair advantage over others in their opportunity to earn incentives.

Reduced Cooperation. Wage incentives that reward individual productivity might decrease cooperation among workers who might hoard materials intended for common use or neglect common tasks like house-keeping that do not contribute directly to production quotas.

Incompatible Job Design. In some cases, the way jobs are designed can make it very difficult to install wage incentives. It is very difficult to identify individual productivity in such contexts as assembly line work or where teams are large. As the size of the team increases, the relationship between any individual's productivity and his or her pay decreases

Restriction of Productivity. A chief psychological impediment to the use of wage incentives is the tendency for workers to restrict productivity. **Restriction of productivity** refers to the artificial limitation of work output that can occur under wage incentive plans. Workers come to an informal agreement about what constitutes a fair day's work and artificially limit their work output.

C. Linking Pay to Performance on White-Collar Jobs

Compared with production jobs, evaluating white-collar performance is more difficult because there are fewer objective performance criteria to which pay can be tied. Attempts to link pay to performance on white-collar jobs are often called **merit pay plans**. Just as straight piece-rate is the prototype for most wage incentive plans, there is also a prototype for most merit pay plans: Periodically (usually yearly), managers are required to evaluate the performance of employees on some form of rating scale or by means of a written description of performance. Using these evaluations, the managers then recommend that some amount of merit pay be awarded to individuals over and above their basic salaries. This pay is usually incorporated into the subsequent year's salary. Most companies employ these plans, although their implementation is often ineffective since many individuals do not perceive a link between their job performance and their pay.

D. Potential Problems with Merit Pay Plans

As with wage incentive plans, merit pay plans have several potential problems if employers do not manage them carefully.

Low Discrimination. A major flaw with merit pay plans is that managers might be unable or unwilling to discriminate between good performers and poor performers.

Small Increases. Merit increases are often simply too small to act as effective motivators, especially if they are spread out over an entire year and combined with other things like cost of living allowances. To overcome this problem, some companies pay a **lump sum** bonus which is merit pay that is awarded in a single payment and not built into base pay.

Pay Secrecy. Since most companies consider salary information confidential, employees that receive merit pay have no ability to assess the relative value of what they receive which reduces its motivation potential. Further, research has shown that, in the absence of accurate information, managers tend to overestimate the salaries of peers and subordinates, while underestimating the salaries of superiors.

E. Using Pay to Motivate Teamwork

Given the highly individual orientation of wage incentives and merit pay, some organizations have either replaced or supplemented individual incentive pay with plans designed to foster more cooperation and teamwork.

Profit Sharing. **Profit sharing** is one of the most commonly used group-oriented incentive systems. In years in which the firm makes a profit, some of this is returned to employees in the form of a cash bonus or a retirement supplement. However, it is unlikely that these plans are highly motivational. Too many factors beyond the control of individual employees can intervene in the determination of a company's profit. It is also difficult to see the impact of one's efforts on overall outcomes. They work best in smaller firms that regularly turn a profit.

Employee Stock Ownership Plans (ESOPs). **Employee stock ownership plans (ESOPs)** are incentive plans that allow employees to own a set amount of a company's shares and provide employees with a stake in the company's future earnings and success. Employees are sometimes allowed to purchase shares at a fixed price and in some cases the organization will match employee contributions. However, like profit sharing, these programs work best in small firms that regularly turn a profit. Besides being difficult to see the connection between one's own efforts and company profits, ESOPs lose their motivational potential in a weak economy when a company's share price goes down.

Gainsharing Plans. **Gainsharing** plans are group incentive plans based on improved productivity or performance over which the workforce has some control. This often includes reductions in the cost of labour, material, or supplies. When measured costs decrease, the company pays a monthly bonus according to a predetermined formula that shares this "gain" between employees and the firm. The most common of these plans is the Scanlon Plan.

Skill-Based Pay. Also called "pay for knowledge", **skill-based pay** is a system in which people are paid according to the number of job skills they have acquired. The idea is to motivate employees to learn a wide variety of work tasks irrespective of the job that they might be doing at any given time. Skill based pay can provide incentives for a more flexible work force, but training costs are high.

II. 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.

A. Traditional Views of Job Design

From the advent of the Industrial Revolution until the 1960s, the prevailing philosophy regarding the design of most non-managerial jobs was job simplification. The zenith of job simplification occurred in the early 1900s when industrial engineer Frederick Winslow Taylor developed his principles of Scientific Management. Taylor advocated extreme division of labour and specialization, and careful standardization and regulation of work activities and rest pauses.

While responsible for initial gains in both workplace productivity and employee standard of living, in recent years, behavioural scientists have begun to question the impact of job simplification on performance, customer satisfaction, and the quality of working life.

B. Job Scope and Motivation

Job scope can be defined as the breadth and depth of a job. Breadth refers to the number of different activities on the job, while depth refers to the degree of discretion or control the worker has over how the job is performed. The classic example of a low-scope job is the traditional assembly line job. High scope jobs that are both broad and deep provide more intrinsic motivation and are the most satisfying to workers.

One way to increase the scope of a job is to assign employees stretch assignments that offer employees challenging opportunities to broaden their skills by working on a variety of tasks with new responsibilities.

C. The Job Characteristics Model

The Job Characteristics Model proposes that there are several "core" job characteristics that have a certain psychological impact on workers. In turn, the psychological states induced by the nature of the job lead to certain outcomes that are relevant to the worker and the organization. Several other factors known as moderators influence the extent to which these relationships hold true.

Core Job Characteristics. There are five core job characteristics that affect worker motivation. Higher levels of these characteristics should lead to more favourable outcomes. **Skill variety** is the degree to which a job provides the opportunity to do a variety of different activities using various skills and talents. **Autonomy** is the degree to which the job provides freedom to schedule one's own work activities and decide work procedures. **Task significance** is the extent to which the job has a substantial impact on other people. **Task identity** is the extent to which a job involves doing a complete piece of work, from beginning to end. **Feedback** is information about the effectiveness of one's work performance.

A questionnaire called the Job Diagnostic Survey (JDS) is used to measure the core characteristics of jobs and is used to determine the motivating potential of a job. The motivating potential of a job measures how well a given job scores in motivating workers. The overall motivating potential of a job can be calculated by the following formula:

Motivating Potential Score =

$$\frac{\text{Skill variety} + \text{Task identity} + \text{Task significance}}{3} \times \text{Autonomy} \times \text{Job feedback}$$

Critical Psychological States. The Job Characteristics Model argues that work will be intrinsically motivating when it is perceived as meaningful, when the worker feels responsible for the outcomes of the work, and when the worker has knowledge about his or her work progress. Skill variety, task identity, and task significance affect the meaningfulness of the job; autonomy affects responsibility; and feedback affects knowledge of results.

Outcomes. The presence of the critical psychological states leads to a number of outcomes that are relevant to both the individual and the organization including high intrinsic work motivation, high "growth" satisfaction, high general job satisfaction, and high work effectiveness.

Moderators. Jobs that are high in motivating potential do not always lead to favourable outcomes. Certain moderator or contingency variables intervene between job characteristics and outcomes. One of these is the job-relevant knowledge and skill of the worker which must be high if workers are to respond favourably to jobs that are high in motivating potential. **Growth need strength** refers to the extent to which people desire to achieve higher-order need satisfaction by performing their jobs. Generally, workers with high growth needs will be most responsive to challenging work. Finally, workers who are dissatisfied with the context factors surrounding the job

(such as pay, supervision, and company policy) will be less responsive to challenging work than more satisfied workers.

Research Evidence. Tests of the Job Characteristics Model have been very supportive of the basic prediction of the model in that workers tend to respond more favourably to jobs that are high in motivating potential. Where the model seems to falter is in its predictions about growth needs and context satisfaction. Evidence that these factors influence reactions to job design is weak or contradictory.

D. Job Enrichment

Job enrichment is the design of jobs to enhance intrinsic motivation, quality of working life, and job involvement. **Job involvement** is a cognitive state of psychological identification with one's job and the importance of work to one's total self-image. Employees who have enriched jobs tend to have higher levels of job involvement, and job involvement is positively related to job satisfaction and organizational commitment. Employees who are more involved in their job are less likely to quit.

In general, enrichment involves increasing the motivating potential of jobs via the arrangement of their core characteristics. Many job enrichment schemes combine tasks, establish client relationships, reduce supervision, form teams, or make feedback more direct.

Combining tasks. This involves assigning tasks that might be performed by different workers to a single individual.

Establishing external client relationships. This involves putting employees in touch with people outside the organization who depend on products or services.

Establishing internal client relationships. This involves putting employees in touch with people who depend on their products or services within the organization.

Reducing supervision or reliance on others. The goal here is to increase autonomy and control over one's own work.

Forming work teams. Management can use this format as an alternative to a sequence of "small" jobs that individual workers perform when a product or service is too large or complex for one person to complete alone.

Making feedback more direct. This technique is usually used in conjunction with other job design aspects that permit workers to be identified with their "own" product or service.

E. Potential Problems with Job Enrichment

Despite the theoretical attractiveness of job enrichment as a motivational strategy, enrichment can encounter a number of challenging problems.

Poor Diagnosis. A lack of careful diagnosis can bring about errors like increasing job breadth without changing any other critical job characteristics, a practice known as **job enlargement**. The result is simply more tasks at the same level without any changes in the other core characteristics. Also, jobs may be enriched that are already seen as too rich by those working in them (some refer to this a job engorgement).

Lack of Desire or Skill. Some workers do not desire the added responsibility that an enriched job often entails. Alternatively, they may lack the skills and competence necessary to perform enriched jobs effectively.

Demand for Rewards. The development of new skills and greater responsibility that accompany job enrichment often encourage workers to seek additional extrinsic rewards like extra pay.

Union Resistance. Traditionally, North American unions have not been enthusiastic about job enrichment. Unions have tended to equate narrow job specialization with the preservation of jobs and resist the combination of tasks and team approaches.

Supervisory Resistance. Often the autonomy that workers obtain through job enrichment is seen by their supervisors as "disenriching" their own jobs. Some organizations have responded to this problem by effectively doing away with direct supervision of workers performing enriched jobs. Others use the supervisor as a trainer and developer of individuals on enriched jobs.

III. Management by Objectives

Management by Objectives (MBO) is an elaborate, systematic, ongoing program designed to facilitate goal establishment, goal accomplishment, and employee development. 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.

Research Evidence. MBO has been shown to result in productivity gains although a number of factors are associated with the failure of MBO programs.

IV. Alternate Working Schedules as Motivators for a Diverse Workforce

Although most workers in North America work a forty-hour, five-day week, many organizations have begun to experiment with modifying traditional working schedules. The purpose of these modifications is to meet the diverse workforce needs and promote job satisfaction. Common forms of alternative working schedules include flex-time, the compressed workweek, job sharing, and telecommuting.

A. Flex-time

Flex-time is an alternative work schedule in which arrival and quitting times are flexible. Employees are expected to work eight hours each day and to be in attendance during "core hours". Flex-time has generally been limited to white-collar personnel and office environments where jobs are not highly interdependent.

Research Evidence. A review of research on flex-time concluded that it has a positive effect on productivity, job satisfaction, satisfaction with work schedule, and lowers employee absenteeism.

B. Compressed Workweek

The compressed workweek is an alternative work schedule in which employees work fewer than the normal five days a week but still put in a normal number of hours per week. The most common approach is the 4-40 system in which employees put in four ten-hour days. Firms or departments may then either choose to operate four days a week or institute a system of rotation to cover more days.

Research Evidence. A review of research on the compressed work schedule concluded that it has a positive effect on job satisfaction and satisfaction with work schedule but no effect on absenteeism or productivity.

C. Job Sharing

Job sharing is an alternative work schedule in which two part-time employees divide the work of a full-time job. Job sharing is particularly attractive to people who want to

spend more time with small children or elders than a conventional work routine allows. It is also an effective strategy for avoiding layoffs.

Research Evidence. There is virtually no hard research on job sharing. However, anecdotal reports suggest that the job sharers must make a concerted effort to communicate well with each other as well as with superiors, co-workers, and clients. Such communication is greatly facilitated by contemporary computer technology and voice mail.

D. Telecommuting

Telecommuting is a system by which employees are able to work at home but stay in touch with their offices through the use of communications technology, such as a computer network, voice mail, and electronic messages. Telework centres provide workers all of the amenities of a home office in a location close to their home. Distributed work programs involve a combination of remote work arrangements that allow employees to work at their business office, a satellite office, and a home office.

Research Evidence. There is some evidence that telecommuting has benefits for employees and organizations. Organizations benefit from lower costs as a result of a reduction in turnover and the need for less office space and equipment, and they can attract employees who see it as a desirable benefit. The results of one survey found that telecommuting had a positive effect on productivity, flexibility, and work-life balance. Employees benefit by having greater flexibility and work-life balance. Potential problems include distractions in the home environment, feelings of isolation, and overwork.

V. Motivation Practices in Perspective

The concepts of *fit* and *balance* are important considerations when choosing a motivational practice. The motivational system chosen should have a good fit with the strategic goals of the organization and balance among the components of a motivational system is critical. The most effective approach will depend on a number of factors including employee characteristics and needs, the nature of the job, characteristics of the organization, and the motivational outcome that an organization wants to achieve. Motivational systems that make use of a variety of motivators used in conjunction with one another are likely to be most effective.

Chapter 7

I. What Is a Group?

A **group** consists of two or more people interacting interdependently to achieve a common goal. Interaction is the most basic aspect of a group as it suggests who is in the group and who is not. Groups exert tremendous influence on us. They are social mechanisms by which we acquire many beliefs, values, attitudes, and behaviours.

Formal work groups are established by organizations to facilitate the achievement of organizational goals. The most common formal group consists of a manager and those employees who report to that manager.

Informal groups are groups that emerge naturally in response to the common interests of organizational members. Informal groups can either help or hurt an organization, depending on their norms for behaviour.

II. Group Development

While employees often know each other before new groups are formed, simple familiarity does not replace the necessity for team development.

A. Typical Stages of Group Development

Leaders and trainers have observed that many groups develop through a series of stages over time. Each stage presents the members with a series of challenges they must master in order to achieve the next stage. These stages are forming, storming, norming, performing, and adjourning.

Forming. Group members try to orient themselves by “testing the waters”.

Storming. Confrontation and criticism occur as members determine whether they will go along with the way the group is developing.

Norming. Members resolve the issues that provoked the storming, and they develop social consensus.

Performing. The group devotes its energies toward task accomplishment.

Adjourning. Rites and rituals that affirm the group’s previous successful development are common. Members often exhibit emotional support for each other.

B. Punctuated Equilibrium

When groups have a specific deadline by which to complete some problem-solving task, we often observe a very different development sequence from that described above. The **punctuated equilibrium model** is a model of group development that describes how groups with deadlines are affected by their first meetings and crucial midpoint transitions.

Phase 1. Phase 1 begins with the first meeting and continues until the midpoint in the group's existence. Although it gathers information and holds meetings, the group makes little visible progress toward the goal.

Midpoint Transition. The midpoint transition occurs at almost exactly the halfway point in time toward the group's deadline. The transition marks a change in the group's approach, and how the group manages it is critical for the group to show progress.

Phase 2. Decisions and approaches adopted at the midpoint get played out in Phase 2. It concludes with a final meeting that reveals a burst of activity and a concern for how outsiders will evaluate the product.

III. Group Structure and Its Consequences

Group structure refers to the characteristics of the stable social organization of a group, the way a group is "put together." The most basic structural characteristics along which groups vary are size and member diversity.

A. Group Size

Although the smallest possible group would consist of two people, most work groups, including task forces and committees usually have between three and twenty members.

Size and Satisfaction. In general, members of larger groups report less satisfaction with group membership than those who find themselves in smaller groups. Increased potential for conflict, reduced opportunity for participation, inhibition, and inability to identify contributions to the group are among the reasons for this phenomenon.

Size and Performance. Different types of tasks are performed by groups where performance could depend upon the type of task and the number of individuals involved. For some tasks, like moving a heavy rock, the potential performance of the group increases with group size. These are **additive tasks** in which group performance is dependent on the sum of the performance of individual group members.

Other tasks, like searching for a single error in a complicated computer program, also may show performance gains as group size increases, but that is because the chance of including a crucial problem solver is greater.

Disjunctive tasks are tasks in which performance is dependent on the performance of the best group member.

However, as groups get larger, performance may also decrease as a function of process losses. **Process losses** are group performance difficulties stemming from the problems of motivating and coordinating larger groups. Thus, actual performance = potential performance – process losses. Finally, group performance on **conjunctive tasks**, like assembly line work, decreases as group size increases. **Conjunctive tasks** are tasks in which group performance is limited by the performance of the poorest group member.

B. Diversity of Group Membership

Research suggests that heterogeneous or diverse groups have a more difficult time communicating and becoming cohesive, so group development takes longer. Once developed, diversity has little impact on performance and sometimes performance is better on tasks that require creativity and problem solving.

C. Group Norms

Social **norms** are collective expectations that members of social units have regarding the behaviour of each other. They are codes of conduct that specify what individuals should do and not do and standards against which we evaluate the appropriateness of behaviour. All of us are influenced by norms which regulate many of our daily activities.

Norm Development. Norms develop to provide regularity and predictability to behaviour. They develop to regulate behaviours that are considered at least marginally important. Individuals comply with these norms because the norms often correspond to privately held attitudes.

Some Typical Norms. There are different types of norms in organizations which affect the behaviour of members. Norms that seem to crop up in most organizations and affect the behaviour of members include the following:

- Dress norms. Social norms frequently dictate the kind of clothing people wear to work.
- Reward allocation norms. There are at least four norms that might dictate how rewards, such as pay, promotions, and informal favours, could be allocated in organizations: equity, equality, reciprocity, and social responsibility.
- Performance norms. The performance of organizational members might be as much a function of social expectations as it is of inherent ability, personal motivation, or technology.

D. Roles

Roles are positions in a group that have a set of expected behaviours attached to them. Roles represent “packages” of norms that apply to particular group members. In organizations, there are two basic kinds of roles. First, there are designated or assigned roles that are formally prescribed by an organization to facilitate task achievement. Assigned roles indicate "who does what." and "who can tell others what to do." In addition, there are also emergent roles which are roles that develop naturally to meet the social-emotional needs of group members or to assist in formal job accomplishment.

Role Ambiguity. **Role ambiguity** exists when the goals of one's job or the methods of performing it are unclear. Ambiguity might be characterized by confusion about how performance is evaluated, how good performance can be achieved, or what the limits of one's authority and responsibility are. A variety of elements can lead to ambiguity.

- Organizational factors. Some roles seem inherently ambiguous because of their function in the organization.
- The role sender. Role senders might have unclear expectations of a focal person.
- The focal person. Even role expectations that are clearly developed and sent might not be fully digested by the focal person.

The practical consequences of role ambiguity include job stress, dissatisfaction, reduced organizational commitment, and intentions to quit. Managers can reduce role ambiguity by providing clear performance expectations and performance feedback.

Role Conflict. **Role conflict** exists when an individual is faced with incompatible role expectations. There are several different types of role conflict.

- **Intrasender role conflict** occurs when a single role sender provides incompatible role expectations to a role occupant.
- **Intersender role conflict** occurs when two or more role senders provide a role occupant with incompatible expectations.
- **Interrole conflict** occurs when several roles held by a role occupant involve incompatible expectations.
- **Person-role conflict** occurs when role demands call for behaviour that is incompatible with the personality or skills of the role occupant.

The most consistent consequences of role conflict are job dissatisfaction, stress reactions, lowered organizational commitment, and turnover intentions. Managers can help prevent role conflict by avoiding self-contradictory messages, conferring with other role senders, being sensitive to multiple role demands, and fitting the right person to the right role.

E. Status

Status is the rank, social position, or prestige accorded to group members. It represents the group's evaluation of a member. Organizations have both formal and informal status systems.

Formal Status Systems. The formal status system represents management's attempt to publicly identify those people who have higher status than others. This is accomplished by the application of status symbols. Status symbols are tangible indicators of status. Status symbols might include titles, particular working relationships, the pay package, the work schedule, and the physical working environment. The criteria for achieving formal organizational status includes seniority in one's work group and one's assigned role in the organization.

Informal Status Systems. Informal status symbols also exist in organizations and can operate just as effectively. Sometimes, job performance is a basis for the acquisition of informal status. So a good hitter or a good performer will be accorded status, although status symbols might be lacking.

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. As a result, communication is likely to move up the status hierarchy in organizations. As well, higher status people do more talking and have more influence.

Reducing Status Barriers. Although status differences can be powerful motivators, status differences also tend to inhibit the free flow of communication in organizations and can make it more difficult to foster a culture of teamwork and cooperation. As a result, many organizations are doing away with status symbols such as executive dining rooms, and reserved parking in an attempt to foster a culture of teamwork and cooperation across the ranks.

The use of e-mail has also been found to level status barriers, thus facilitating communication between people at all levels of the organization.

IV. Group Cohesiveness

Group cohesiveness is a critical property of groups. Cohesive groups are those that are especially attractive to their members. Members are especially desirous of staying in the group and tend to describe the group in favourable terms.

A. Factors Influencing Cohesiveness

There are several important factors which might make one group more cohesive than others.

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.

Success. When a group accomplishes a goal, members feel pride and tend to become more cooperative with each other as the group becomes more attractive to its members.

Member Diversity. Task accomplishment will be a more important factor than member similarities in determining cohesiveness.

Size. Larger groups have a more difficult time in becoming and staying cohesive.

Toughness of Initiation. Groups that are tough to get into are more attractive than those that are easy to join.

B. Consequences of Cohesiveness

There are a number of consequences of group cohesiveness.

More Participation in Group Activities. Because cohesive groups are attractive to their members, they should be especially motivated to participate in group activities.

More Conformity. Because they are so attractive and coordinated, cohesive groups are well equipped to supply information, rewards, and punishment to individuals. Thus, highly cohesive groups are in a superb position to induce conformity to group norms.

More Success. Cohesiveness contributes to group success. In general, cohesive groups are good at achieving their goals. That is, cohesive groups tend to be successful in accomplishing what they wish to accomplish. In a good labour relations climate, group cohesiveness should foster high productivity. In a climate marked by tension and disagreement, cohesive groups might pursue goals that result in low productivity. Thus, cohesive groups tend to produce *more* or *less* than non-cohesive groups. In addition, there is less variability in the productivity of members of cohesive groups.

V. Social Loafing

Social loafing is the tendency to withhold physical or intellectual effort when performing a group task. It is one of the reasons for process losses in large groups and takes two forms. In the *free rider effect*, people lower their effort to get a free ride at the expense of other group members. This is the phenomenon of others not pulling their weight on a group project. In the *sucker effect*, people lower their effort because of the feeling that others are free riding. That is, they are trying to restore equity in the group.

There are a number of ways to counteract social loafing.

- Make individual performance more visible. The simplest way to do this is to keep the group small.
- Make sure that the work is interesting. If the work is involving, intrinsic motivation should counteract social loafing.
- Increase feelings of indispensability. Training and the status system can provide group members with unique inputs.
- Increase performance feedback. Increased feedback from the boss, peers, and customers should encourage self-correction.
- Reward group performance. Members are more likely to monitor and maximize their own performance when the group receives rewards for effectiveness.

VI. What Is a Team?

Some writers have suggested that a “team” is different from a “group” because in a team a synergy develops such that the group’s efforts are greater than the sum of its parts. However, the term “team” is more generally used to describe “groups” in organizational settings and the terms can be used interchangeably. Many organizations now use team-based work arrangements in an attempt to improve efficiency, quality, customer satisfaction, innovation, and/or the speed of production.

VII. Designing Effective Work Teams

According to J. Richard Hackman, a work group is effective when (1) its physical or intellectual output is acceptable to management and to the other parts of the organization that use this output, (2) group members’ needs are satisfied rather than frustrated by the group, and (3) the group experience enables members to continue to work together. Group effectiveness occurs when high effort is directed toward the group’s task, when great knowledge and skill are directed toward the task, and when the group adopts sensible strategies for accomplishing its goals.

A. Self-Managed Work Teams

Self-managed work teams are work groups that have the opportunity to do challenging work under reduced supervision. The general idea is that the group regulates much of its own members’ behaviour. Critical to the success of self-managed teams are the nature of the task, the composition of the group, and various support mechanisms.

Tasks for Self-Managed Teams. Tasks for self-managed teams should be complex and challenging and require high interdependence among team members for task accomplishment. Group members adopt roles that will make the group effective, not ones that are simply related to a narrow specialty.

Composition of Self-Managed Teams. A fast answer to how organizations should design effective self-managed teams is that they should be stable, small and smart. The composition of self-managed teams needs to consider a number of factors.

- **Stability.** Self-managed teams require considerable interaction and high cohesiveness among their members. To achieve this, group membership must be fairly stable.
- **Size.** The team should be as small as is feasible. The goal is to keep coordination problems and social loafing to a minimum.
- **Expertise.** Team members should have a high level of expertise about the task at hand. The group as a whole should be very knowledgeable about the task. All members should possess some degree of social skills.
- **Diversity.** The team should have members who are similar enough to work well together with enough diversity to bring a variety of perspectives and skills to the task.

Supporting Self-Managed Teams. A number of support factors can assist self-managed teams in becoming and staying effective.

- **Training.** To insure the effectiveness of self-managed teams, organizations need to provide extensive training in areas such as technical skills, social skills, language skills, and business training.
- **Rewards.** The general rule here is to try to tie rewards to team accomplishment rather than to individual accomplishment while still providing team members with some individual performance feedback.
- **Management.** The most effective managers in a self-management environment encourage groups to observe, evaluate, and reinforce their own task behaviour.

Research has found that the task characteristics are related to group effectiveness. In terms of group composition, teams perceived as too large for their tasks were rated as less effective than teams perceived as an appropriate size or too small. Managerial support and group processes have been found to be the best predictors of group effectiveness. Overall, research has shown improvements in team productivity, quality, customer satisfaction, and safety following the implementation of self-managed work teams.

B. Cross-Functional Teams

Another kind of team that contemporary organizations are using with increasing frequency is the cross-functional team. **Cross-functional teams** bring people with different functional specialties together to better invent, design, or deliver a product or service. The general goals of cross-functional teams include some combination of innovation, speed, and quality that come from early coordination among the various specialties.

Principles for Effectiveness. Research has discovered a number of factors that contribute to the effectiveness of cross-functional teams.

- **Composition.** All relevant specialties must be part of the team, including labour representatives or suppliers where appropriate.
- **Superordinate goals.** Conflict may sometimes arise from the colliding cultures of different functions. **Superordinate goals** are attractive outcomes that can only be achieved by collaboration. They help to override potential functional level conflicts.

- Physical proximity. Team members must be located close to one another to facilitate informal contact.
- Autonomy. Cross-functional teams need some autonomy from the larger organization, and functional specialties need some authority to commit their function to project decisions.
- Rules and procedures. Some basic decision procedures must be laid down to prevent anarchy.
- Leadership. Because of the potential for conflict, cross-functional team leaders need especially strong people skills in addition to task expertise.

C. Virtual Teams

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

Advantages of Virtual Teams. Virtual teams have a number of advantages.

- Around-the-clock work. Globally, using a virtual team can create a 24-hour team that never sleeps.
- Reduced travel time and cost. Virtual teaming reduces travel costs associated with face-to-face meetings.
- Larger talent pool. Virtual teams allow companies to expand their potential labour markets and to go after the best people, even if they have no interest in relocating.

Challenges of Virtual Teams. Virtual teams also face several challenges.

- Miscommunication. The loss of face-to-face communication presents certain risks for virtual teams.
- Trust. Trust is difficult to develop between virtual team members.
- Isolation. The lack of casual interactions with co-workers can lead to team members having feelings of isolation and detachment.
- High costs. Savings in areas such as travel must be weighed against the costs of cutting-edge technology. Initial set-up costs can be substantial.
- Management issues. For managers, virtual teams create new challenges in terms of dealing with employees who are no longer in view.

A study of 65 virtual teams at Sabre Inc., concluded that trust was still possible through team member responsiveness, consistency, and reliability. Training and team building exercises were also found to be helpful to build trust and clarify communication standards. Virtual communication reduced instances of stereotyping, discrimination, personality conflicts, and the formation of cliques.

Lessons Concerning Virtual Teams. A number of lessons are beginning to emerge about what managers must do or keep watch for when developing virtual teams.

- Recruitment. Choose team members carefully in terms of attitude and personality. Find people with good interpersonal skills, not just technical skills.
- Training. Invest in training for both technical and interpersonal skills.

- Personalization. Encourage team members to get to know each other, either through informal communication using technology or by arranging face-to-face meetings.
- Goals and ground rules. Virtual team leaders should define goals clearly, set rules for communication standards and responses, and provide feedback to keep team members informed of progress and the big picture.

VIII. A Word of Caution: Teams as a Panacea

Switching from a traditional structure to a team-based configuration is not a cure-all for an organization's problems. Many organizations have rushed to deploy teams with little planning, often resulting in confusion and contradictory signals to employees. Good planning and continuing support are necessary for the effective use of teams.

Chapter 8

I. Social Influence in Organizations

People often feel or act differently from how they would as independent operators as a result of social influence. This is because in many social settings, and especially in groups, people are highly dependent on others. This dependence sets the stage for influence to occur.

A. Information Dependence and Effect Dependence

All of us need information from others and we are frequently highly dependent on others for information about the adequacy and appropriateness of our behaviour, thoughts, and feelings. **Information dependence** refers to our reliance on others for information about how to think, feel, and act. It gives others the opportunity to influence our thoughts, feelings, and actions via the signals they send to us.

Individuals are also dependent on the effects of their behaviour as determined by the rewards and punishments provided by others. This **effect dependence** is the reliance on others due to their capacity to provide rewards and punishment. It occurs because the group has a vested interest in how individual members think and act, and the member desires the approval of the group.

II. Social Influence in Action

One of the most obvious consequences of information and effect dependence is the tendency for group members to conform to the social norms that have been established by the group.

A. Motives for Social Conformity

Conformity is the tendency for group members to conform to the norms that have been established by the group. There are a number of different motives for conformity.

Compliance. Members might conform because of **compliance** which is the simplest, most direct motive for conformity to group norms. It occurs because a member wishes to acquire rewards from the group and avoid punishment. As such, it primarily involves effect dependence.

Identification. Some individuals conform because they find other supporters of the norm attractive. In this case, the individual identifies with these supporters and sees himself or herself as similar to them. **Identification** as a motive for conformity is often revealed by an imitation process in which established members serve as models for the behaviour of others.

Internalization. Some conformity to norms occurs because individuals have truly and wholly accepted the beliefs, values, and attitudes that underlie the norm. **Internalization** occurs when individuals have truly and wholly accepted the beliefs, values, and attitudes that underlie the norm.

B. The Subtle Power of Compliance

In some cases, individuals conform to norms which they do not support. Much of this occurs because of social pressures and the desire to please others. But compliance often sets the stage for the more complete involvement with organizational norms and roles implicit in the stages of identification and internalization.

III. Organizational Socialization

Socialization is the process by which people learn the norms and roles that are necessary to function in a group or organization. Socialization methods (realistic job previews, employee orientation programs, socialization tactics, mentoring, proactive tactics) influence immediate or proximal socialization outcomes such as learning, task mastery, social integration, role conflict, role ambiguity, and person-job and person-organization fit. Proximal outcomes lead to distal or longer-term outcomes such as job satisfaction, organizational commitment, organizational identification, organizational citizenship behaviour, job performance, stress, and turnover.

An important goal of socialization is to help newcomers assimilate and fit into the organization. **Person-job fit** refers to the match between an employee's knowledge, skills, and abilities and the requirements of a job. **Person-organization fit** refers to the match between an employee's personal values and the values of an organization. Research has found that both P-J and P-O fit are strongly related to the work adjustment of new hires.

Socialization is an ongoing process by virtue of continuous interaction with others in the workplace. However, socialization is most potent during periods of membership transition, such as when one joins a new organization.

A. Stages of Socialization

Since organizational socialization is an ongoing process, it is useful to divide this process into three stages. One of these stages occurs before entry, another immediately follows entry, and the last occurs after one has been a member for some period of time.

Anticipatory Socialization. A considerable amount of socialization occurs even before a person joins an organization. This process is called anticipatory socialization. However, not all anticipatory socialization is accurate and useful for the new member.

Encounter. In the encounter stage, the new recruit encounters the day-to-day reality of organizational life. At this stage, the organization and its experienced

members are looking for an acceptable degree of conformity to organizational norms and the gradual acquisition of appropriate role behaviour. Recruits are interested in having their personal needs and expectations fulfilled.

Role Management. Having survived the encounter stage and acquired basic role behaviours, the member's attention shifts to fine-tuning and actively managing his or her role in the organization. This stage is referred to as role management. The role occupants might now begin to internalize the norms and values that are prominent in the organization.

B. Unrealistic Expectations and the Psychological Contract

People join organizations with expectations about what membership will be like and what they expect to receive in return for their efforts. Unfortunately, these expectations are often unrealistic and obligations between new members and organizations are often breached.

Unrealistic Expectations. Although people have expectations about their jobs in organizations, many such expectations held by entering members are inaccurate and often unrealistically high. At times, the media is responsible. At other times corporate recruiters paint rosy pictures in order to attract job candidates to the organization.

Psychological Contract. When people join organizations, they also have ideas about what they expect to receive from the organization and what they plan to give the organization in return. Such perceptions form what is known as the **psychological contract** and refers to beliefs held by employees concerning their reciprocal obligations between them and their organization. Unfortunately, psychological contract breach appears to be a common occurrence in organizations. Perceptions of psychological contract breach occur when an employee perceives that his or her organization has failed to fulfill one or more promised obligations of the psychological contract. This often results in feelings of anger and betrayal and can have a negative effect on employees' work attitudes and behaviour.

IV. Methods of Socialization

Organizations differ in the extent to which they make use of other organizations to help socialize their members. The strategy of reliance on external agents is often used by organizations to help socialize their members. Thus, hospitals rely on medical schools to socialize doctors, while business firms rely on business schools to send them recruits who think and act in a business-like manner. On the other hand, organizations such as police forces, the military, and religious institutions are less likely to rely on external socializers. Organizations that handle their own socialization are especially interested in maintaining the continuity and stability of job behaviours over a period of time. Thus, organizations differ in terms of *who* does the socializing, *how* it is done, and *how much* is done.

A. Realistic Job Previews

Realistic job previews provide a balanced, realistic picture of the positive and negative aspects of the job to job applicants. When used properly, these previews can reduce unrealistic expectations on the part of new organizational members, reduce turnover, and improve job performance.

B. Employee Orientation Programs

Employee orientation programs are designed to introduce new employees to their job, the people they will be working with, and the organization. The main content of most orientation programs consists of health and safety issues, terms and conditions of employment, and information about the organization, such as its history and traditions. Another purpose of new employee orientation programs is to convey and form the psychological contract, and to teach newcomers how to cope with stressful work situations. Orientation programs can have a lasting effect on the job attitudes and behaviours of new hires and they can also lower turnover.

C. Socialization Tactics

Socialization tactics refer to the manner in which organizations structure the early work experiences of new members. There are six socialization tactics that vary on a bipolar continuum and include:

Collective versus Individual Tactics. A number of new members are socialized as a group, going through the same experiences and facing the same challenges.

Formal versus Informal Tactics. Formal tactics involve segregating newcomers from regular organizational members and providing them with formal learning experiences during the period of socialization.

Sequential versus Random Tactics. The sequential tactic involves a fixed sequence of steps leading to the assumption of the role, compared with the random tactic in which there is an ambiguous or changing sequence.

Fixed versus Variable Tactics. Fixed socialization consists of a timetable for the assumption of the role.

Serial versus Disjunctive Tactics. The serial tactic refers to a process where newcomers are socialized by experienced members of the organization.

Investiture versus Divestiture Tactics. Divestiture tactics refer to what is also known as debasement and hazing. Organizations put new members through a series of experiences that are designed to humble them and strip away some of their initial self-confidence.

Institutionalized versus Individualized Socialization. The six socialization tactics can be grouped into two separate patterns of socialization. Institutionalized socialization consists of collective, formal, sequential, fixed, serial, and investiture tactics. Individualized socialization consists of individual, informal, random, variable, disjunctive, and divestiture tactics. Institutionalized socialization reflects a more structured program of socialization and reduces newcomers' feelings of uncertainty. Individualized socialization reflects a relative absence of structure and so the early work experiences of newcomers are somewhat uncertain. The tactics can also be distinguished in terms of the *context* in which information is presented to new hires, the *content* provided to new hires, and the *social* aspects of socialization.

Institutionalized socialization tactics are effective in promoting organizational loyalty, esprit de corps, and uniformity of behaviour among those being socialized. When socialization is individualized, new members are more likely to

take on the particular characteristics and style of their socializers. Therefore, uniformity is less likely under individualized socialization.

Research Evidence. Institutionalized socialization tactics have been found to be related to proximal outcomes, such as lower role ambiguity and conflict and more positive perceptions of P-J and P-O fit, as well as more distal outcomes, such as more positive job satisfaction and organizational commitment and lower stress and turnover. In addition, the institutionalized socialization tactics result in a more custodial role orientation in which new hires accept the status quo and the requirements of their tasks and roles. The social tactics (serial-disjunctive and investiture-divestiture) have been found to be the most strongly related to socialization outcomes.

D. Mentoring

A **mentor** is an experienced or more senior person in the organization who gives a junior person special attention, such as giving advice and creating opportunities to assist them during the early stages of his or her career. To be effective, mentors must perform career and psychosocial functions.

Career Functions of Mentoring. A mentor provides a number of career enhancing benefits. The career functions of mentoring include:

- Sponsorship. The mentor might nominate the apprentice for advantageous transfers and promotions.
- Exposure and visibility. The mentor might provide opportunities to work with key people and see other parts of the organization.
- Coaching and feedback. The mentor might suggest work strategies and identify strengths and weaknesses in the apprentice's performance.
- Developmental assignments. Challenging work assignments a mentor can provide will help develop key skills and knowledge that are crucial to career progress.

Psychosocial Functions of Mentoring. Mentors can also provide certain psychosocial functions that are helpful in developing the apprentice's self-confidence, sense of identity, and ability to cope with emotional traumas that can damage a person's effectiveness. These include:

- Role-modeling. This provides a set of attitudes, values, and behaviours for the junior person to imitate.
- Acceptance and confirmation. The mentor can also provide encouragement and support and help the apprentice gain self-confidence.
- Counseling. This provides an opportunity to discuss personal concerns and anxieties concerning career prospects, work-family conflicts, and so on.

Research Evidence. Mentored individuals have been found to have higher objective career outcomes (compensation and the number of promotions), as well as higher subjective outcomes (greater satisfaction with one's job and career and greater career commitment), and they were more likely to believe that they will advance in their career. Mentoring tends to be more strongly related to subjective than the objective career outcomes. The psychosocial function is more strongly related to satisfaction with the mentoring relationship while the career function is more strongly related to compensation and advancement. Both functions are just as important in generating positive attitudes toward one's job and career.

Formal Mentoring Programs. Formal mentoring programs have been found to be just as beneficial as informal relationships. Formal mentoring programs are most effective when the mentor and protégé have input into the matching process and when they receive training prior to the mentoring relationship, especially training that is perceived to be of a high quality.

Women and Mentors. Women face a particular problem when dealing with mentors. As women in executive positions remain in relative short supply, there are fewer female role models and most possible mentors are men. Men are often less helpful as mentors in such relationships as they have little experience with women in roles other than wife, mother, or daughter. Mixed gender mentoring relationships can also be undermined by rumors of sexual behaviour and research demonstrates that the often important informal after-work social activities that normally build such relationships are much less in evidence for that reason. Because of these concerns, the prospective female apprentice faces more constraints than her male counterpart. This is problematic given that mentoring is even more critical to women's career success than it is to men's.

Race, Ethnicity, and Mentoring. Limited racial and ethnic diversity at the top of organizations similarly constrains the mentoring opportunities available to younger minority group employees. Minority apprentices in cross-ethnic group mentoring relationships tend to report less assistance compared with those with same-race mentors. Such relationships tend to focus more on the career functions of mentoring and provide less psychosocial support functions than in same-race dyads.

E. Proactive Socialization: What Newcomers Can Do To Socialize Themselves

Proactive socialization refers to the process in which newcomers play an active role in their own socialization through the use of a number of proactive socialization tactics. One of the most important tactics that newcomers can employ is to request feedback and seek information. Other proactive tactics include socializing, networking, building relationships with co-workers and members of the organization, negotiating job changes, career planning, and finding a mentor. These tactics have been found to have a positive influence on newcomers' socialization. However, newcomers rely primarily on observation followed by interpersonal sources. Supervisors are the information source most strongly related to positive socialization outcomes.

One of the primary goals of organizational socialization is for individuals to define themselves in terms of the organization and what it is perceived to represent. This is known as **organizational identification** and reflects an individual's learning and acceptance of an organization's culture. It is positively related to work attitudes, intentions, and behaviours.

V. Organizational Culture

To a large degree, the course of socialization both depends on and shapes the culture of the organization.

A. What is Organizational Culture?

Organizational culture consists of the shared beliefs, values, and assumptions that exist in an organization. These beliefs, values, and assumptions determine the norms that develop and the patterns of behaviour

that emerge from these norms. The term "shared" means that all members have had uniform exposure to these elements and have some minimum common understanding of them. Organizational members often take the influence of culture for granted. Culture tends to be stable, providing social continuity and may influence behaviours both inside and outside the organization. Culture has a strong impact on both organizational performance and member satisfaction.

Subcultures are smaller cultures that develop within a larger organizational culture that reflect departmental differences in training, occupation, or departmental goals.

B. The "Strong Culture" Concept

In a **strong culture**, the beliefs, values and assumptions that make up the culture are both intense and pervasive across the organization. The majority of the firm's members support the culture which provides great consensus concerning what the organization is about and what it stands for. In weak cultures, the beliefs, values, and assumptions are less strongly ingrained and/or less widely shared across the organization. Thus, they are fragmented and have less impact on organizational members.

C. Assets of Strong Cultures

Organizations with strong cultures have several potential advantages.

Coordination. The overarching values and assumptions facilitate the coordination of different parts of the organization and communication.

Conflict Resolution. Sharing core values can also facilitate conflict resolution.

Financial Success. Strong cultures contribute to financial success and other indicators of organizational effectiveness when the culture supports the mission, strategy and goals of the organization.

D. Liabilities of Strong Cultures

Strong cultures can also be a liability under some circumstances.

Resistance to Change. The same strong consensus about common values and appropriate behaviour that gives an organization a strong culture can also make it resistant to change. This means that a strong culture can damage a firm's ability to innovate.

Culture Clash. Strong cultures pushed together in a joint venture or merger can result in a culture clash.

Pathology. Some cultures are based on beliefs, values, and assumptions that support a pathology of infighting, secrecy, and paranoia that leaves little time to do business. Such cultures can threaten organizational effectiveness.

E. Contributors to the Culture

Two key factors that contribute to the foundation and continuation of organizational cultures are the founder's role and socialization.

The Founder's Role. Many strong cultures reflect the values of an organization's founder. Walt Disney of the Disney Company, Sam Walton of Wal-Mart, Ray Kroc of McDonald's, T. J. Watson of IBM, Frank Stronach of Magna International, and Bill Gates of Microsoft are all examples of the imprint of founders on a company's culture. Such imprint is often kept alive through a series of stories about the founder passed on to successive generations of new employees. This provides continuing reinforcements of the firm's core values.

Socialization. The precise nature of the socialization process is a key to the culture that emerges in an organization because socialization is the means by which the culture's beliefs, values, and assumptions are learned. Research shows that organizations with strong cultures expose employees to a careful step-by-step socialization process:

- Step 1 - Selecting Employees. New employees are carefully selected to obtain those who will be able to adapt to the existing culture.
- Step 2 - Debasement and Hazing. Debasement and hazing provoke humility in new hires so that they are open to the norms of the organization.
- Step 3 - Training "in the Trenches." Training begins "in the trenches" so that employees begin to master one of the core areas of the organization.
- Step 4 - Reward and Promotion. The reward and promotion system is carefully used to reinforce those employees who perform well in areas that support the goals of the organization.
- Step 5 - Exposure to Core Culture. Again and again, the culture's core beliefs, values, and assumptions are asserted to provide guidance for member behaviour.
- Step 6 - Organizational Folklore. Members are exposed to folklore about the organization, stories that reinforce the nature of the culture.
- Step 7 - Role Models. Identifying people as "fast trackers" provides new members with role models whose actions and views are consistent with the culture.

What is most important about this process is the consistency among these steps and their mutually reinforcing properties that make for a strong culture.

E. Diagnosing a 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, these symbols, rituals, and stories are mechanisms that teach and reinforce the culture.

Symbols. Symbols such as a corporate motto or mascot provide common meaning and reinforce cultural values and what the company considers important.

Rituals. Rituals and ceremonies such as parties and gatherings are expressive events that define and build the culture. They send a cultural message and convey the essence of a culture.

Stories. The folklore of organizations – stories about past organizational events – is a common aspect of culture. Stories and anecdotes, both pleasant and unpleasant, are told repeatedly across generations of employees to communicate informally "how things work". Such stories reflect the uniqueness of organizational cultures. Researchers have identified several common themes that appear to underline many organizational stories.

I. What is Leadership?

Leadership is the *influence* that particular individuals exert on the goal achievement of others in an organizational context. Although any organizational member can influence other members, individuals with titles such as manager, executive supervisor, and department head are in assigned leadership roles and are expected to exert formal leadership and influence others.

II. Are Leaders Born? The Search for Leadership Traits

Throughout history, social observers have been fascinated by obvious examples of successful interpersonal influence. The implicit assumption is that those who become leaders and do a good job of it possess a special set of traits that distinguish them from the masses of followers. Trait theories of leadership, however, did not receive serious scientific attention until the 1900s.

A. Research on Leadership Traits

During World War I, the US military began to search for those traits which would help in identifying future officers. **Traits** are individual characteristics such as physical characteristics, intellectual ability, and personality. While many traits are not related to leadership, research shows some traits are associated with leadership although the connections are not very strong.

In recent years, there has been a renewed interest in the study of leadership traits, and a number of studies have shown that certain traits are closely linked to leadership including emotional intelligence and several of the “Big Five” personality dimensions (agreeableness, extraversion, and openness to experience). However, the usefulness of these findings and the trait approach is questionable.

B. Limitations of the Trait Approach

There are several reasons why the trait approach is not the best means of understanding and improving leadership. First, it is difficult to determine if traits make the leader or if opportunity for leadership produces the traits. Second, we have few clues about what leaders actually do to influence others successfully. Third, the most crucial problem of the trait approach to leadership is its failure to take into account the situation in which leadership occurs. However, traits are a precondition for certain actions that a leader must take in order to be successful.

III. Lessons from Emergent Leadership

Following the discouragement with the trait approach, psychologists began to investigate what leaders do in group settings. These studies concentrated on emergent leadership or the behaviours in which certain group members exhibit that cause them to become leaders.

Two leadership roles were apparent. The **task leader** is a leader who is concerned with accomplishing a task by organizing others, planning strategy,

and dividing labour. The **social-emotional leader** is a leader who is concerned with reducing tension, patching up disagreements, settling arguments, and maintaining morale. Both of these functions are important leadership roles. Thus, in general, leaders must be concerned with both the social-emotional and task functions.

IV. The Behaviour of Assigned Leaders

What are the crucial behaviours that leaders engage in, and how do these behaviours influence subordinate performance and satisfaction?

A. Consideration and Initiating Structure

The most involved, systematic study of leadership began at Ohio State University. This research had employees describe their superiors along a number of behavioural dimensions. This revealed two basic types of leadership behaviour. **Consideration** involves the extent to which the leader is approachable and shows personal concern for employees. **Initiating structure** involves the degree to which the leader concentrates on group goal attainment.

B. The Consequences of Consideration and Structure

Research shows that consideration and initiating structure both contribute positively to employees' motivation, job satisfaction, and leader effectiveness. However, consideration is more strongly related to follower satisfaction (leader satisfaction and job satisfaction), motivation, and leader effectiveness, while initiating structure is slightly more strongly related to leader job performance and group performance. There is some evidence that the relative importance of consideration and initiating structure varies according to the nature of the leadership situation. In general, the effects of consideration and initiating structure depend on characteristics of the task, the employee, and the setting in which the work is performed. These contingencies will determine which behaviour is most appropriate and when it is to be employed.

C. Leader Reward and Punishment Behaviours

Leader reward behaviour provides employees with compliments, tangible benefits, and deserved special treatment. **Leader punishment behaviour** involves the use of reprimands or unfavourable task assignments and the active withholding of raises, promotions, and other rewards. Contingent leader reward and punishment behaviour is positively related to employees' perceptions (e.g., trust in supervisor), attitudes (e.g., job satisfaction and organizational commitment), and behaviour (e.g., effort, performance, organizational citizenship behaviour). Noncontingent punishment behaviour is negatively related to these outcomes.

V. Situational Theories of Leadership

The situation refers to the setting in which influence attempts occur. The setting includes the characteristics of the employees, the nature of the task they are performing, and characteristics of the organization. Two of the best known and most studied leadership theories are Fiedler's Contingency Theory and House's Path-Goal Theory.

A. Fiedler's Contingency Theory

Fred Fiedler has developed a situational theory of leadership called **Contingency Theory**. According to the theory, the association between leadership orientation and group effectiveness is contingent on (depends on) the extent to which the situation is favourable for the exertion of influence.

Leadership Orientation. Fiedler has measured leadership orientation by having leaders describe their **Least Preferred Co-worker (LPC)**, a current or past co-worker with whom the leader has had a difficult time accomplishing a task. Fiedler has argued that the LPC score reveals a personality trait that reflects the leader's motivational structure. The leader who describes the LPC relatively favourably (a high LPC score) can be considered relationship oriented. The leader who describes the LPC unfavourably (a low LPC score) can be considered task oriented.

Situational Favourableness. This is the "contingency" part of Contingency Theory. Factors affecting situational favourableness include: leader-member relations, task structure, and position power. In general, the situation is most favourable for leadership when leader-member relations are good, the task is structured, and the leader has strong position power.

The Contingency Model. According to the theory, a task orientation (low LPC) is most effective when the leadership situation is very favourable or when it is very unfavourable. A relationship orientation (high LPC) is most effective in conditions of medium favourability.

Evidence and Criticism. Although there is reasonable support for Fiedler's Contingency Theory, several studies have found some evidence to be contradictory suggesting that theory needs some adjustment.

B. House's Path-Goal Theory

House's Path-Goal Theory is concerned with the situations under which various leader behaviours (directive, supportive, participative, achievement-oriented) are most effective.

The Theory. According to House, effective leaders form a connection between employee goals and organizational goals. In order to provide job satisfaction and leader acceptance, leader behaviour must be perceived as immediately satisfying or as leading to future satisfaction.

Leader Behavior. Path-Goal Theory is concerned with four specific kinds of leader behaviour:

Directive behaviour. Directive leaders schedule work, maintain performance standards, and let employees know what is expected of them.

Supportive behaviour. Supportive leaders are friendly, approachable, and concerned with pleasant interpersonal relationships.

Participative behaviour. Participative leaders consult with employees about work-related matters and consider their opinions.

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

Situational Factors. Path-Goal Theory is concerned with two primary classes of situational factors: employee characteristics and environmental factors. Different types of employees need or prefer different forms of leadership. Thus, employees who are for example, high need achievers, prefer to be told what to do, or who feel that they have low task abilities will each respond best to certain types of leadership.

Also, according to the theory, the effectiveness of leadership depends on the particular work environment. Thus, routine tasks, challenging but ambiguous tasks, and frustrating, dissatisfying jobs each require specific leader behaviours for leadership to be effective. 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.

Evidence and Criticism. In general, there is some research support for the situational propositions of the theory. Supportive or considerate leader behaviour is most beneficial in supervising routine, frustrating, or dissatisfying jobs. Directive or structuring leader behaviour is most effective on ambiguous, less structured jobs. As well, the theory is more effective in predicting employee job satisfaction and acceptance of the leader than in predicting employee performance.

VI. Participative Leadership: Involving Employees in Decisions

An important topic of leadership is participative leadership.

A. What is Participation?

Participative leadership involves employees in making work-related decisions. Leaders can vary in the extent to which they involve employees in decision-making. Participative leadership should not, however, be confused with abdication of leadership, which is almost always ineffective. Participation can involve individual employees or the entire group of employees that reports to the leader.

B. Potential Advantages of Participative Leadership

There are several advantages of participative leadership.

Motivation. Participation can increase the motivation of employees. Participation leads to the establishment of work goals and can increase intrinsic motivation by enriching subordinates' jobs.

Quality. Participation can lead to higher-quality decisions and empower employees to take direct action to solve problems.

Acceptance. Participation can increase employees' acceptance of decisions especially when issues of fairness are involved.

C. Potential Problems of Participative Leadership

There are several difficulties associated with participation.

Time and Energy. Participation involves specific behaviours on the part of the leader and these behaviours use time and energy.

Loss of Power. Some leaders feel that a participative style will reduce their power and influence.

Lack of Receptivity or Knowledge. Employees might not be receptive to participation or might lack the knowledge to contribute effectively to decisions.

D. A Situational Model of Participation

Victor Vroom and Arthur Jago have developed a model that attempts to specify in a practical manner when leaders should use participation and to what extent they should use it.

This model takes into account various degrees of participation that can be exhibited by the leader including autocratic, consultative, and group consensus. The most effective strategy depends on the situation or problem at hand. In general, the leader's goal should be to make high-quality decisions to which employees will be adequately committed without undue delay. To do this, he or she must consider a number of questions in a decision tree. By taking a problem through the decision tree, the leader can determine the correct degree of participation for the problem solving situation. Following the model's prescriptions is more likely to lead to successful managerial decisions than unsuccessful decisions. The model has been used frequently in management development seminars.

E. Does Participation Work?

In general, employees who participate in job-related decisions are more satisfied than those who do not. Thus, most workers seem to prefer a participative work environment. However, the effects of participation on productivity are still open to question. Participation should work best when employees feel favourably toward it, when they are intelligent and knowledgeable about the issue at hand, and when the task is complex enough to make participation useful.

VII. Leader-Member Exchange (LMX) Theory

Leader Member Exchange or LMX Theory is a theory of leadership that focuses on the quality of the relationship between a leader and an employee. High quality relationships or high LMX involve a high degree of mutual influence and obligation as well as trust, loyalty, and respect between a leader and an employee. Low-quality relationships or low LMX is characterized by low trust, respect, obligation, and mutual support. The quality of LMX is related to employee job performance, overall satisfaction, satisfaction with supervision, commitment, role conflict, role clarity, and turnover intentions.

VIII. Transformational and Transactional Leadership

Traditional theories of leadership deal with what we can call transactional leadership. Transactional leadership is leadership that is based on a fairly straightforward exchange between the leader and the followers and involves contingent reward behaviour and management by exception. **Management by exception** is the degree to which the leader takes corrective action on the basis of results of leader-follower transactions. They monitor follower behaviour, anticipate problems, and take corrective actions before the behaviour creates serious problems.

However, some leaders have a more profound effect on followers by giving them a new vision that instills true commitment. Such leadership is called **transformational leadership** because the leader provides followers with a new vision that instills true commitment. Four qualities set transformational leaders apart from transactional leaders: intellectual stimulation, individualized consideration, inspirational motivation, and charisma.

A. Intellectual Stimulation

This contributes in part to the “new vision” aspect of transformational leadership. People are stimulated to think about problems, issues, and strategies in new ways.

B. Individualized Consideration

This involves treating employees as distinct individuals, indicating concern for their personal development, and serving as a mentor when appropriate. The emphasis is a one-on-one attempt to meet the needs of the individual in the context of the overall goal or mission.

C. Inspirational Motivation

This involves the communication of visions that are appealing and inspiring to followers and stimulates enthusiasm, challenges followers with high standards, communicates optimism about future goal attainment, and provides meaning for the task at hand.

D. Charisma

Charisma is by far the most important, aspect of transformational leadership. **Charisma** is a term stemming from a Greek word meaning favoured or gifted. Charismatic leaders have personal qualities that give them the potential to have extraordinary influence over others. They tend to command strong loyalty and devotion, and this, in turn, inspires enthusiastic dedication and effort dedicated toward the leader’s chosen mission. Charisma provides the emotional aspect of transformational leadership.

Charismatic leadership has been found to be strongly related to follower satisfaction and leadership effectiveness. Although CEOs who are perceived to be more charismatic tend to be perceived as more effective, only one study has found charismatic leadership to be directly related to firm performance and two studies found a relationship, but only when the environment was perceived to be uncertain.

Research Evidence. Transformational leadership has been found to be strongly related to follower motivation and satisfaction (satisfaction with leader and job satisfaction), leader performance, leader effectiveness, and group and organization performance. Research supports the contention that the best leaders are both transformational and transactional.

IX. Strategic Leadership

Strategic leadership refers to a leader’s “ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization.” There are six components to effective strategic leadership:

- Determining the Firm's Purpose or Vision.
- Exploiting and Maintaining Core Competencies.
- Developing Human Capital.
- Sustaining an Effective Organizational Culture.
- Emphasizing Ethical Practices.
- Establishing Balanced Organizational Controls.

In addition to these six elements, strategic leaders must also focus on growth opportunities, create, manage, and mobilize knowledge and intellectual capital, be open and honest in their interactions with all of the organization's stakeholders, and focus on the future.

X. Culture and Global Leadership

The Global Leadership and Organizational Behaviour (GLOBE) research project involved 170 researchers who worked together for 10 years collecting and analyzing data on cultural values and practices and leadership attributes from over 17 000 managers in 62 societal cultures. The project team identified the following nine cultural dimensions that distinguish one society from another and have important managerial implications:

- Performance Orientation
- Assertiveness
- Future Orientation
- Humane Orientation
- Institutional Collectivism
- In-Group Collectivism
- Gender Egalitarianism
- Power Distance
- Uncertainty Avoidance

Using these nine dimensions, GLOBE identified 10 culture clusters from the 62 culture samples. The culture clusters differ with respect to how they score on the nine culture dimensions. Citizens in each nation have implicit assumptions regarding requisite leadership qualities, something known as implicit leadership theory. According to **implicit leadership theory**, individuals hold a set of beliefs about the kinds of attributes, personality characteristics, skills, and behaviours that contribute to or impede outstanding leadership. GLOBE found that these belief systems are shared among individuals in common cultures, something they call *culturally endorsed implicit leadership theory (CLT)*. They identified 21 primary and 6 global leadership dimensions that are contributors to or inhibitors of outstanding leadership. The six global leadership dimensions are:

- Charismatic/Value-Based
- Team-Oriented
- Participative
- Humane-Oriented
- Autonomous
- Self-Protective

GLOBE found that cultures and clusters differ significantly on all six of the global leadership dimensions and that while the cultures do differ on many aspects of leadership effectiveness, they also have many similarities. Many attributes such as being honest, decisive, motivational, and dynamic are universally desirable

and are believed to facilitate outstanding leadership in all GLOBE countries. Leadership attributes such as loners, irritable, egocentric, and ruthless are deemed ineffective in all GLOBE countries. Some attributes are *culturally contingent* and effective in some cultures but are either ineffective or even dysfunctional in others.

A. Global Leadership

Global leadership involves having leadership capabilities to function effectively in different cultures and being able to cross language, social, economic, and political borders. Global leaders need to have a global mindset, tolerate high levels of ambiguity, and exhibit cultural adaptability and flexibility. Global leaders have the following four characteristics:

- **Unbridled Inquisitiveness.** Global leaders relish the opportunity to see and experience new things. Constant learning and inquisitiveness are necessary for success.
- **Personal Character.** Global leaders form an emotional connection to people from different cultures and exhibit uncompromising integrity.
- **Duality.** Global leaders must be able to manage uncertainty and balance global and local tensions.
- **Savvy.** Global leaders have business and organizational savvy. They understand the conditions they face in different countries and they are well informed of their organization's capabilities and international ventures.

Individuals with the potential to become global leaders have experience working or living in different cultures, they speak more than one language, and have an aptitude for global business. However, in order to become true global leaders, they require extensive training and development that includes: travel; working in teams with members of diverse backgrounds; instruction on topics such as international and global strategy, business, and ethics as well as cross-cultural communication and multicultural team leadership; and action learning projects. The most powerful strategy for developing global leaders is work experience, transfers, and international assignments. Long-term international assignments are considered to be especially effective.

Although most organizations report that they do not have enough global leaders now or for the future, Canadian organizations are way ahead of most organizations in big countries like the United States because Canada is a middle economy and Canadian leaders need to understand and empathize with persons in other cultures. As well, living in a multicultural environment like Canada is excellent preparation for being a global leader.

XI. Ethical Leadership

Ethical leadership involves the demonstration of normatively appropriate conduct (e.g., openness and honesty) through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making. Ethical leaders model what is deemed to be normatively appropriate behaviour, make ethics salient in the workplace, and draw attention to it by engaging in explicit ethics-related communications and by setting ethical standards. They reward ethical conduct and discipline those who don't follow ethical standards and consider the ethical consequences of their decisions. They make principled and fair decisions that can be observed and emulated by others.

To develop an ethical culture and workplace, leaders must have a strong commitment to ethics and raise awareness of and reinforce the importance of ethics. They must communicate a clear and consistent positive ethics message from the top; create and embrace opportunities for everyone in the organization to communicate positive ethics, values, and practices; and ensure consequences for ethical and unethical conduct.

Ethical leadership has been found to be positively associated with employee perceptions of honesty, fairness, and effectiveness. Employees of ethical leaders are more satisfied with their supervisor, more willing to devote extra effort to one's job, and more willing to report problems to management. The extent to which ethics is an important part of an organization's culture is influenced by the ethics and moral development of the leader

XII. Gender and Leadership Style

Research by Eagley and Johnson concludes that there are differences in leadership style between men and women. Women are more apt to adopt a participative and democratic style than men. This may be because of negative reactions to women adopting stereotypically male styles such as directive or autocratic. Women leaders have also been found to be more transformational than men leaders, and they also engaged in more of the contingent reward behaviours of transactional leadership. Men leaders engaged in more of the other components of transactional leadership such as management by exception and **laissez-faire** leadership which is the avoidance or absence of leadership.

Chapter 10

I. What is Communication?

Communication is the process by which information is exchanged between a sender and a receiver. The sender must encode his or her thoughts into some form that can be transmitted to the receiver. The receiver must perceive the message and accurately decode it to achieve understanding. Feedback involves yet another communication episode that tells the original sender whether the receiver received and understood the message. **Effective communication** occurs when the right people receive the right information in a timely manner.

II. Basics of Organizational Communication

There are a number of basic issues about organizational communication.

A. Communication by Strict Chain of Command

When communication flows in accordance with an organization chart, we say that communication follows along the **chain of command** or lines of authority and formal reporting relationships.

In **downward communication**, information flows from the top of the organization toward the bottom. In **upward communication**, information flows from the bottom of the organization toward the top. **Horizontal communication** refers to information that flows between departments or functional units, usually as a means of coordinating effort.

A lot of organizational communication follows the formal lines of authority shown on organizational charts. However, the reality of organizational communication shows that the formal chain of command is an incomplete and sometimes ineffective path of communication.

B. Deficiencies in the Chain of Command

Sticking strictly to the chain of command is often ineffective.

Informal Communication. The formal chain of command fails to consider informal communication between members. This type of communication might not benefit the organization since inaccurate rumours might be spread across the organization.

Filtering. At times, effective communication using the chain of command is inhibited by **filtering**, which is the tendency for a message to be watered down or stopped altogether at some point during transmission. Employees use upward filtering to keep negative performance information out of their supervisor's hands. Supervisors use downward filtering to play the "information is power" card.

To prevent filtering, some organizations have an **open-door policy** in which any organizational member can communicate directly with a manager without going through the chain of command. Managers may also wish to go outside normal channels if information has broad applications.

Slowness. Even when the chain of command relays information accurately, it is painfully slow especially for horizontal communication between departments.

III. Manager-Employee Communication

Manager-employee communication consists of one-to-one exchange of information between a boss and an employee. It represents a key element in upward and downward communication in organizations. Most employees prefer their immediate supervisors as a source of organizational information.

A. How Good Is Manager-Employee Communication?

Research indicates that managers and employees often disagree in their perceptions of such fundamental workplace issues as employee use of time, how long it takes to learn a job, pay, authority, employee skills and abilities, performance, and the manager's leadership style.

These perceptual differences indicate a lack of openness in communication which might contribute to role conflict and ambiguity and reduce employee satisfaction.

B. Barriers to Effective Manager-Employee Communication

In addition to basic differences in personality and perception, a number of factors can cause communication problems between managers and employees.

Conflicting Role Demands. Many managers have difficulties balancing the social-emotional needs of workers and the role demands of the task.

The Mum Effect. The **mum effect** is the tendency to avoid communicating unfavourable news to others. People often prefer to “keep mum” than convey bad news that might provoke negative reactions on the part of the receiver. The mum effect applies to both employees and managers.

IV. The Grapevine

A great deal of information travels quickly through organizations as a result of the grapevine.

A. Characteristics of the Grapevine

The **grapevine** is the informal communication network that exists in any organization. The grapevine cuts across formal lines of communication. Although the grapevine is generally thought of as involving word of mouth, written notes, e-mail and fax messages have may also be involved. Organizations may have several loosely coordinated grapevine systems, and the grapevine may transmit information that is relevant to the performance of the organization as well as personal gossip. Non-controversial organizationally related information is often accurate while personal information that is emotionally charged is likely to be distorted.

B. Who Participates in the Grapevine?

Personality characteristics play a role in the grapevine. Extroverts are more likely to pass on information than introverts. The physical location and task elements of members are also related to their opportunities to participate in the grapevine. Locations that receive a lot of traffic or employees that must travel through the organization in the course of their jobs both facilitate the operation of the grapevine.

C. Pros and Cons of the Grapevine

At times, the grapevine can be a regular substitute for formal communication either by managerial default or as a deliberate attempt to "test the waters" on some proposed initiative by "leaking" information. The grapevine can also add a little interest and diversion to the work setting.

A problem can occur in the grapevine when it spreads too many rumours. A **rumour** is an unverified belief that is in general circulation. When false rumours get out of hand, companies must institute rumour control through early and accurate communication.

V. The Verbal Language of Work

Jargon is the specialized language used by job holders or members of particular occupations or organizations to communicate with each other. Although it is efficient for communicating with peers and insiders, jargon can serve as a barrier to communicating with outsiders and the general public, as well as adding to the burden of spouses attempting to relate to their partner's work.

VI. The Nonverbal Language of Work

Nonverbal communication refers to the transmission of messages by some medium other than speech or writing. It can be a very powerful part of the

communication process since the information provided is sometimes "the real stuff" while words serve as a smoke screen.

A. Body Language

Body language is nonverbal communication that occurs by means of the sender's bodily motions, facial expressions, or the sender's physical location in relation to the receiver. Two important messages are the extent to which the sender likes and is interested in the receiver and the sender's views concerning the relative status of the sender and the receiver. Senders who feel themselves to be of higher status than the receiver act more relaxed than those who perceive themselves to be of lower status.

One area in which research shows that body language has an impact is on the outcome of employment interview decisions.

B. Props, Artifacts, and Costumes

Nonverbal communication can also occur through the use of various objects such as props, artifacts, and costumes.

Office Décor and Arrangement. The decor and arrangement of furniture in a person's office conveys nonverbal information to visitors.

Does Clothing Communicate? Research has also shown that the clothes we wear are indeed forms of nonverbal communication. The clothing organizational members wear sends signals about their competence, seriousness, and promotability. Proper clothing can enhance one's esteem and self-confidence, while improper clothing will hurt the image of a worker in the eyes of executives and supervisors.

VII. Gender Differences in Communication

According to Deborah Tannen, there are gender differences in communication styles and these differences influence the way that men and women are perceived and treated in the workplace. Gender differences in communication revolve around what Tannen refers to as the "One Up, One Down" position. Men tend to be more sensitive to power dynamics and will use communication as a way to position themselves in a one-up situation and avoid a one-down position.

Females are more concerned with rapport building and they communicate in ways that avoid putting others down. As a result, women often find themselves in a one-down position which can have a negative effect on the rewards they receive and their careers.

There are a number of key differences in male and female communication styles and rituals that often place women in a one-down position:

- **Getting credit.** Men are more likely to blow their horn about something they have done compared to women and as a result men are more likely to receive credit for their contributions.
- **Confidence and boasting.** Men tend to be more boastful about themselves and their capabilities and minimize their doubts so they are perceived as more confident.

- Asking questions. Men are less likely than women to ask questions in situations that can put them in a one-down position and threaten their independence.
- Apologies. Women and men differ in their use of apologies. Men avoid ritual apologies because it is a sign of weakness that can place them in a one-down position.
- Feedback. Women often blunt criticism with praise while men are more blunt and straightforward.
- Compliments. Women exchange compliments as part of a common ritual. Men are more concerned about being in a one-up position and placing others in a one-down position so they do not compliment others as frequently.
- Ritual opposition. Men often use ritual opposition or fighting as a form of communication and the exchange of ideas. Many women have difficulty working in such an environment and tend to come across as insecure and unable to defend their ideas.
- Managing up and down. Men spend much more time communicating with their superiors and talking about their achievements. Women tend to downplay their superiority leading others to believe that they are not capable of projecting their authority and are incompetent.
- Indirectness. Women in positions of authority tend to be indirect when giving orders.

The differences in communication styles between men and women almost always reflect negatively on women and place them in a one-down position. Problems and misunderstandings arise when those communicating do not understand the rituals and styles of each other. Therefore, it is important to recognize that people have different linguistic styles and adopt a flexible style so you can adjust your style when necessary.

VIII. Cross-Cultural Communication

Many failures between members of different cultures stem from problems in cross-cultural communication. There are a number of important dimensions of such communication.

A. Language Differences

Communication is generally better between individuals or groups that share similar cultural values. This is all the more so when they share a common language. Even though English is becoming the language of international business, learning a second language should provide better insight into the nuances of a business partner's culture.

B. Nonverbal Communication Across Cultures

People in different nations generally are good at decoding basic, simple emotions in facial expressions. Gestures and gazes do not translate well across cultures nor does touch. In some countries, people stand close to and touch each other. In other nations these activities are considered signs of rudeness.

C. Etiquette and Politeness Across Cultures

Cultures differ considerably in how etiquette and politeness are expressed. This often involves saying things that one does not literally mean. The problem is that the exact form that this takes varies across cultures and careful decoding

is necessary. Learning these differences is important for managers who seek to deal with their counterparts in other nations.

D. Social Conventions across Cultures

These are cross-cultural differences in social conventions such as the directness of business dealings, greetings and how people say hello, the "proper" degree of loudness of speech, punctuality, the pace of life, and the practice of nepotism. All of these should be taken into account when dealing with people of other nations.

E. Cultural Context

Cultural context is the cultural information that surrounds a communication episode. Some cultures, including many Oriental, Latin American, African and Arab cultures are high-context cultures meaning that communication is highly influenced by the context in which it takes place. This is in contrast to low-context cultures like North America, Australia, Northern Europe (except France), and Scandinavia, where more meaning resides in the message than the context. These differences are important for organizational communication in many business situations, especially cross-cultural business negotiations.

IX. Computer-Mediated Communication

Information richness is the potential information-carrying capacity of a communication medium. Face-to-face transmission of information is very high in richness because the sender is personally present, audio and visual channels are used, body language and verbal language are occurring, and feedback to the sender is immediate and ongoing. Communicating via numeric computer output lacks richness because it is impersonal and uses only numeric language. Feedback on such communication might also be very slow. Two important dimensions of information richness are the degree to which information is synchronous between senders and receivers, and the extent to which both parties can receive nonverbal and paraverbal cues. Highly synchronous communication, such as face-to-face speech, is two-way, in real time. On the low side of synchronization, memos, letters, and even e-mails are essentially a series of one-way messages, although e-mail has the clear potential for speedy response. Face-to-face interaction and video-conferencing are high in nonverbal (e.g., body language) and paraverbal (e.g., tone of voice) cues, while these are essentially absent in the text-based media.

E-mail, chat systems, tele-conferencing, and video-conferencing are commonly classified as **computer-mediated communication** in that they rely on computer technology to facilitate information exchange. All of these media permit discussion and decision making without employees having to be in the same location, potentially saving time, money, and travel hassles. Research has found that group decision support systems enhance the number of ideas regarding some problem generated under "brainstorming" conditions. However, by almost any criterion other than generating ideas, computer-mediated groups perform more poorly than face-to-face groups. Thus, less routine communication requires richer communication media.

Personal Approaches to Improving Communication

There are a number of personal approaches for improving your ability to communicate better with others.

A. Basic Principles of Effective Communication

Several basic principles of effective communication apply to upward, downward, horizontal, and outside communication:

Take the Time. Developing an awareness of context factors and selecting the appropriate medium to ensure good communication takes time. Managers have to devote extra effort to developing good rapport with employees.

Be Accepting of the Other Person. You can accept the person even if you are unhappy with something that he or she has done. Empathy with others will go much farther than arrogance.

Don't Confuse the Person with the Problem. Focus on behaviours rather than attributing motives. Try to be descriptive instead of evaluative.

Say What You Feel. Be sure that your words, thoughts, feelings, and actions exhibit congruence. **Congruence** is the condition in which a person's words, thoughts, feelings, and actions all contain the same message.

Listen Actively. Effective communication requires good listening and good communicators employ active listening. **Active listening** is a technique for improving the accuracy of information reception by paying close attention to the sender. It includes: watching your body language; paraphrase what the speaker means; show empathy; ask questions; and wait out pauses.

Give Timely and Specific Feedback. Speed maximizes the reinforcement potential of the message, and explicitness maximizes its usefulness to the recipient.

B. When in Rome ...

In addition to the basic principles above, several others are particularly useful in a cross-cultural communication situation.

Assume Differences Until You Know Otherwise. Projection and a foreign speaker's good command of English can tempt us to assume that culture is not an issue leading us to ignore differences. Assume that differences exist until proven wrong.

Recognize Differences within Cultures. Avoid culture-based stereotypes and be alert for occupational and social class differences that can be more difficult to decipher in other countries.

Watch Your Language (and Theirs). Speak slowly, clearly, and simply. Avoid clichés, jargon, and slang. Don't assume that those who are very fluent in English are necessarily smarter, more skilled, or more honest than those who are not.

XI. Organizational Approaches to Improving Communication

There are a number of organizational techniques that can improve communication.

A. 360-Degree Feedback

Traditionally, employee performance appraisal has been viewed as an exercise in downward communication in which the boss tells the employee how he or she is doing. More recently, performance appraisal has become a two-way communication process in which employees are also able to have upward impact concerning their appraisal. **360 feedback** is performance appraisal that uses the input of supervisors, employees, peers, and clients or customers of the appraised individual. It usually focuses on required behavioural competencies and is used for employee development rather than salary administration. Upward feedback occurs when supervisors receive performance ratings from multiple employees.

B. Employee Surveys and Survey Feedback

An **employee survey** is an anonymous questionnaire that enables employees to state their candid opinions and attitudes about an organization and its practices. It can be a useful means of upward communication. Downward communication can be enhanced when survey results are fed back to employees along with management responses and any plans for changes. Plans for changes in response to survey concerns indicate a commitment to two-way communication.

C. Suggestion Systems and Query Systems

Suggestion systems are programs designed to enhance upward communication by soliciting ideas for improved work operations from employees. They represent a formal attempt to encourage useful ideas and prevent their filtering through the chain of command. Much better are programs that reward employees for suggestions that are actually adopted and provide feedback as to how management evaluated each suggestion. Query systems provide a formal means of answering questions that employees may have about the organization and foster two-way communication. An example might be a column of questions and answers in an employee newsletter.

D. Telephone Hotlines, TV Networks, and Intranets

Telephone hotlines may be query systems in which employees can call in for answers to their questions. More common are news format hotlines that provide up-dated employee information. Some large organizations such as Ford Motor Company have expanded this concept to company-owned TV networks which are one of the fastest growing techniques for promoting good communication. Intranets represent an important information source on various topics of interest to employees and can also allow employees to communicate information to the organization, such as changes of address or in benefits enrolment.

E. Management Training

The evidence suggests that proper training can improve the communication skills of managers. Training should emphasize the use of models to demonstrate specific skills followed by role-playing and reinforcement. The manager who can communicate effectively downward can expect increased upward communication in return.

Chapter 11

I. What is Decision Making?

Decision making is the process of developing a commitment to some course of action. This is a process that involves making a choice, and it also involves making a commitment of resources such as time, money or personnel.

A **problem** exists when a gap is perceived between some existing state and some desired state. Decision making is also a process of problem solving.

A. Well-Structured Problems

In a **well-structured problem**, the existing state is clear, the desired state is clear, and how to get from one state to the other is fairly obvious. Organizations prefer a **program** or standardized way of solving a problem when dealing with well-structured problems. Programs short-circuit the decision-making process by enabling the decision-maker to go directly from problem identification to solution. Many of the problems encountered in organizations are well structured and programmed. Decision making is a useful means of solving these problems.

B. Ill-Structured Problems

In an **ill-structured problem**, the existing and desired states are unclear, and the method of getting to the desired state is unknown. These problems are usually unique, complex, and have not been encountered before. Ill-structured problems cannot be solved with programmed decisions. In dealing with these problems, organizations use non-programmed decision making which means that they will gather more information and be more self-consciously analytical in their approach. Ill-structured problems can entail high risk and stimulate political considerations.

II. The Complete Decision Maker — A Rational Decision-Making Model

When a rational decision maker identifies a problem, he or she is likely to search for information to clarify the problem and suggest alternatives; evaluate the alternatives and choose the best for implementation. The implemented solution is then monitored over time to ensure its immediate and continued effectiveness. If difficulties occur at any point in the process, repetition or recycling may be effected.

A. Perfect versus Bounded Rationality

Perfect rationality involves a decision strategy that is completely informed, perfectly logical, and oriented toward economic gain. While useful for theoretical purposes, these characteristics do not exist in real decision makers. According to Herbert Simon, 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, and time constraints and political considerations also act as bounds to rationality. Framing and cognitive biases illustrate the operation of bounded rationality.

Framing 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 are tendencies to acquire and process information in an error-prone way. They involve assumptions and shortcuts that can improve decision making efficiency but frequently lead to serious errors in judgment.

B. Problem Identification and Framing

The perfectly rational decision maker, infinitely sensitive and completely informed, should be a great problem identifier. Bounded rationality, however, can lead to several difficulties in problem identification:

- Perceptual defense. The perceptual system may act to defend the perceiver against unpleasant perceptions.
- Problem defined in terms of functional specialty. Selective perception can cause decision makers to view a problem as being in the domain of their own specialty.
- Problem defined in terms of solution. This form of jumping to conclusions short-circuits the rational decision-making process.
- Problem diagnosed in terms of symptoms. A consideration on surface symptoms will provide the decision maker with few clues about an adequate solution.

C. Information Search

Once a problem has been identified, a search for information is instigated. The perfectly rational Economic Person has free and instantaneous access to all information necessary to clarify the problem and develop alternative solutions. Bounded rationality, however, suggests that information search might be slow and costly.

Too little information. Decision makers may collect insufficient information to make a good decision because people are mentally lazy and tend to use whatever information is available in memory. Unfortunately, our memory is more selective than representative — we remember vivid, recent events. Overconfidence in decision making is also a problem and it is reinforced by **confirmation bias** - the tendency to seek out information that conforms to one's own definition of or solution to a problem. These biases lead people to shirk the acquisition of additional information.

Too much information. **Information overload** is the reception of more information than is necessary to make effective decisions. Information overload can lead to errors, omissions, delays, and cutting corners. Decision makers often attempt to use all of the information and get confused and permit low quality information or irrelevant information to influence their decisions. While information overload causes decision quality to deteriorate, decision makers become more confident of their decisions.

D. Alternative Development, Evaluation, and Choice

At times a decision maker may exhibit **maximization** which is the choice of a decision alternative with the greatest expected value. Unfortunately, the decision maker operating under bounded rationality may not know all alternative solutions and may be ignorant of the ultimate values and probabilities of success for known alternatives.

People are weak intuitive statisticians. They have trouble with base rates, sample size, probability estimates of multiple event scenarios, and the revision of estimates. An example of this last problem is the **anchoring effect** which is the inadequate adjustment of subsequent estimates from an initial estimate that serves as an anchor. This occurs even when subsequent estimates are far more sophisticated than the original, naive estimate.

The perfectly rational decision maker can evaluate alternative solutions against a single criterion – economic gain. The decision maker who is bounded by reality might have to factor in other criteria as well, such as the political acceptability of the solution to other organizational members. This increases the complexity of the decision-making task.

As a consequence of the overwhelming complexity of rational decision making, the decision maker operating 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 one that exceeds this level is found.

E. Risky Business

The role of risk in decision making is also fertile ground for the issue of framing. Research by Kahneman and Tversky shows that when people view a problem as a choice between losses, they tend to make risky decisions, rolling the dice in the face of a sure loss. When people frame the alternatives as a choice between gains, they tend to make conservative decisions, protecting the sure win.

F. Solution Implementation

Once a decision is reached, the solution must be implemented. Decision makers are often dependent on others to implement decisions, and it might be difficult to anticipate their ability or motivation to do so.

G. Solution Evaluation

The perfectly rational decision maker should be able to evaluate the effectiveness of decisions with calm, objective detachment. However, the bounded decision maker might encounter problems at this stage of the process.

Justification. People tend to be overconfident about the adequacy of their decisions. Many organizations are lax when it comes to evaluating the effectiveness of expensive programs. If bad news cannot be avoided, erring decision makers might devote energy to trying to justify a faulty decision. The justification of faulty decisions is best seen in the irrational treatment of sunk costs. **Sunk costs** are permanent losses of resources incurred as the result of a decision. The key word here is “permanent.” Since these resources have been lost (sunk) due to a past decision, they should not enter into future decisions. However, people often do “throw good resources after bad,” acting as if they can recoup sunk costs. This process is **escalation of commitment** to an apparently failing course of action, in which the escalation involves devoting more and more resources to actions implied by the decision. One reason for this is dissonance reduction. As well, because changing one's mind is often perceived as a weakness, many wrong decisions continue to be endorsed in the name of consistency. Escalation of commitment might also be due to the way in which decision makers frame the problem once some resources have been sunk. Attempts to prevent the escalation of commitment might include the following:

- Reframe the problem from one of spending to one of saving.
- Set specific goals that must be met before additional resources are invested.
- Evaluate managers on how decisions are made instead of outcomes.
- Separate initial and subsequent decision making.

Hindsight. The careful evaluation of decisions is also inhibited by faulty hindsight. **Hindsight** refers to the tendency to review a decision-making process to find out what was done right or wrong. People practicing hindsight are exhibiting the knew-it-all-along effect which assumes after the fact that we knew all along what the outcome of a decision would be. Another form of faulty hindsight is the tendency to take personal responsibility for successful decision outcomes while denying responsibility for unsuccessful outcomes.

H. How Emotion and Mood Affect Decision Making

Emotions also play a role in decision making. Strong emotions frequently figure in the decision-making process that corrects ethical errors (Chapter 12) and strong (positive) emotion has also been implicated in creative decision making and the proper use of intuition to solve problems. Such intuition (Chapter 1) can lead to the successful short-circuiting of the steps in the rational model when speed is of the essence. There are also many cases in which 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* and *how* people think when making decisions and it has the greatest impact on uncertain, ambiguous decisions of the type that are especially crucial for organizations. Research on mood and 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.
- People in a good mood adopt simplified, short-cut decision-making strategies, more likely violating the rational model. People in a negative mood are prone to approach decisions in a more deliberate, systematic, detailed way.
- Positive mood promotes more creative, intuitive decision making.

The impact of mood on decision making is not necessarily dysfunctional. If the excesses of optimism can be controlled, those in a good mood can make creative decisions. If the excesses of pessimism can be controlled, those in a negative mood can actually process information more carefully and effectively.

I. Rational Decision Making — A Summary

Research shows that for complex, unfamiliar decisions the rational model provides a pretty good picture of how people actually make decisions. However, there is plenty of case evidence that in organizations the rational decision-making process is often short-circuited in part because of the biases discussed above. This might explain why about half of the decisions made in organizations have been found to be failures.

III. Group Decision Making

Many organizational decisions are made by groups rather than individuals, especially when problems are ill-structured. There are both advantages and problems of group decision making.

A. 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. Groups are often used to make decisions on the premise that a decision made in this way will be more acceptable to those involved. There are several assumptions underlying this premise:

- People wish to be involved in decisions that will affect them.
- People will better understand a decision in which they participated.
- People will be more committed to a decision in which they invested personal time and energy.

Diffusion of Responsibility. A weakness in the use of groups can occur because of **diffusion of responsibility**, a term which describes the ability of group members to share the burden of the negative consequences of a poor decision. Thus, no one person will be singled out for punishment.

B. Do Groups Actually Make Higher-Quality Decisions Than Individuals Do?

In general, groups usually produce more and better solutions to problems than individuals working alone. More specifically, groups should perform better than individuals when

- the group members differ in relevant skills and abilities, as long as they do not differ so much that conflict occurs;
- some division of labour can occur;
- memory for facts is an important issue; and
- individual judgments can be combined by weighting them to reflect the expertise of the various members.

C. Disadvantages of Group Decision Making

There are a number of potential disadvantages to group decision making.

Time. Groups seldom work quickly or efficiently because of process losses and coordination.

Conflict. Participants in group decisions often have their own personal axes to grind or their own resources to protect and as a result, decision quality may take a back seat to political wrangling and infighting.

Domination. The advantages of group decision making will seldom be realized if meetings are dominated by a single individual or a small coalition.

Groupthink. The most serious potential disadvantage is **groupthink**. This happens when group pressures lead to reduced mental efficiency, poor testing

of reality, and lax moral judgment of decision-making groups. Unanimous acceptance of decisions is stressed over quality of decisions.

Group cohesiveness that is too high, excessive concern for approval from the group, and isolation of the group from other sources of information can lead to groupthink. However, the promotion of a particular decision by the group leader appears to be the strongest cause. The symptoms of groupthink include:

- Illusion of invulnerability.
- Rationalization.
- Illusion of mortality.
- Stereotypes of outsiders.
- Pressure for conformity.
- Self-censorship.
- Illusion of unanimity.
- Mindguards.

Victims of groupthink operate in an atmosphere of unreality that should lead to low-quality decisions. Leaders should be careful to avoid exerting undue pressure for a particular decision outcome and concentrate on good decision processes.

D. How Do Groups Handle Risk?

Problems that are suitable for group decision making involve some degree of risk and uncertainty. Research into group decision making processes has explored two apparently contradictory tendencies. **Risky shift** is the tendency for groups to make riskier decisions than the average risk initially advocated by their individual members. **Conservative shift** is the tendency for groups to make less risky decisions than the average risk initially advocated by their individual members. Both phenomena are seen to occur because group discussion seems to polarize or exaggerate the initial position of the group by supplying new arguments and setting the stage for one-upmanship behaviours.

IV. Improving Decision Making in Organizations

Organizational decision making can improve if decision makers follow more closely the rational decision-making model. A number of techniques can also help.

A. Training Discussion Leaders

When discussion leaders are trained, they can be more effective in guiding groups to effective decisions. Role-playing training is an effective technique for developing leadership skills that has increased the quality and acceptance of group decisions.

B. Stimulating and Managing Controversy

Although full-blown controversy is to be avoided, some managed controversy can avoid the dangers of groupthink and escalation of commitment. A **devil's advocate** is a person appointed to identify and challenge the weaknesses of a proposed plan or strategy. Evidence indicates that the controversy promoted by the devil's advocate improves decision quality.

C. Traditional and Electronic Brainstorming

Brainstorming is an attempt to increase the number of creative solution alternatives to problems by focusing on idea generation rather than evaluation. Despite its acceptance into common usage, brainstorming is not an effective group technique for idea generation. In general, an equivalent number of single individuals will come up with more ideas working on their own. However, brainstorming can provide advantages that extend beyond the mere number of ideas generated.

Electronic brainstorming involves the use of computer-mediated technology to improve traditional brainstorming practices. Research has shown that once over the size of two members, electronic brainstorming groups perform better than face-to-face groups in both the quantity and quality of ideas. Also, as electronic groups get larger, they tend to produce more ideas, but the ideas-per-person measure remains stable. In contrast, as face-to-face groups get bigger, fewer and fewer ideas per person are generated.

D. Nominal Group Technique

Unlike brainstorming, the **nominal group technique (NGT)** is a structured group decision-making technique in which ideas are generated without group interaction and then systematically evaluated by the group. Unlike brainstorming, NGT is concerned with both the generation of ideas and the evaluation of these ideas and carefully separates the two.

E. The Delphi Technique

The **Delphi technique** is a method of pooling a large number of expert judgments by using a series of increasingly refined questionnaires. Participants do not engage in face-to-face interactions and they do not actually make a final decision; rather, they provide information for organizational decision makers. A major disadvantage of this method is the time involved. The Delphi is an efficient method of pooling a large number of expert judgments, while avoiding the problems of conformity and domination that can occur in interacting groups.

Chapter 12

I. What Is Power?

Power is the capacity to influence others who are in a state of dependence. This does not necessarily imply that a poor relationship exists between the power holder and the target, as most friendships involve reciprocal influence processes.

Power can flow in any direction in an organization, although members at higher levels typically have more power. Power is a broad concept that applies to individuals as well as to groups.

II. The Bases of Individual Power

Power can be found in the position that you occupy in the organization or the resources that you are able to command. Legitimate power is dependent on one's position or job. The other bases (reward, coercion, referent, and expert power) involve the control of important resources.

A. Legitimate Power

Legitimate power derives from a person's position or job in the organization. It constitutes the organization's judgment about who is formally permitted to influence whom, and it is often called authority. As we move up the organization's hierarchy, we find that members possess more and more legitimate power. Legitimate power works because people have been socialized to accept its influence. Even across various cultures, employees cite legitimate power as a major reason for following their boss's directions.

B. Reward Power

Reward power exists when the power holder can exert influence by providing positive outcomes and preventing negative outcomes. It corresponds to the concept of positive reinforcement. It is often used to back up legitimate power.

C. Coercive Power

Coercive power is available when the power holder can exert influence by the use of punishment and threat. Although it too is employed as a support for legitimate power, its use by managers is generally ineffective and can provoke employee resistance.

D. Referent Power

Referent power exists when the power holder is well liked by others. It is potent because it stems from identification with the power holder and represents a truer or deeper base of power than reward or coercion. Second, anyone in the organization may possess referent power.

E. Expert Power

Expert power is derived from having special information or expertise that is valued by an organization. This power can be obtained by lower-level organizational members and is especially likely to exist for those members in scientific and technical areas. Of all the bases of power, expertise is most consistently associated with employee effectiveness. Employees perceive women managers as more likely than male managers to be high on expert power.

Employees will respond differently to the bases of power. Coercion is likely to produce resistance and lack of cooperation. Legitimate power and reward power are likely to produce compliance with the boss's wishes. Referent and expert power are most likely to generate true commitment and enthusiasm for the manager's agenda. </PARA>

III. How Do People Obtain Power?

People get power by doing the right things and cultivating the right people.

A. Doing the Right Things

Activities lead to power when they are extraordinary, highly visible, and especially relevant to the solution of organizational problems.

Extraordinary Activities. Excellent performance in unusual or nonroutine activities is required to obtain power. Such activities include occupying new positions, managing substantial changes, and taking great risks.

Visible Activities. Extraordinary activities will fail to generate power if no one knows about them. Therefore, people who seek power must try to publicize their efforts and ensure that they are visible.

Relevant Activities. Extraordinary, visible work may fail to generate power if no one cares. Activities must be relevant to the needs of the organization for power to accrue. Therefore, being in the right place at the right time and doing the right things are important in the effort to gain power.

B. Cultivating the Right People

To obtain power, one must develop informal relationships with the right people. The right people can include organizational subordinates, peers, and superiors as well as crucial outsiders.

Outsiders. Establishing good relationships with key people outside one's organization can lead to increased power within the organization.

Subordinates. An individual can gain influence if she is closely identified with certain up-and-coming subordinates. Subordinates can also provide power when a manager can demonstrate that he or she is backed by a cohesive team.

Peers. Cultivating good relationships with peers is mainly a means of ensuring that nothing gets in the way of one's future acquisition of power. As one moves up through the ranks, favours can be asked of former associates.

Superiors. Liaisons with key superiors probably represent the best way of obtaining power through cultivating others. Mentors, for example, can provide special information and useful introductions to other "right people."

IV. Empowerment – Putting Power Where It Is Needed

Power need not be seen as something of fixed quantity which must necessarily be in short supply at the bottom of the organization if it is largely held at the top. **Empowerment** gives people the authority, opportunity, and motivation to take initiative and solve organizational problems. Authority comes from pushing legitimate power down to lower levels so that decisions can be made by those with the information to make them. Opportunity means freedom from bureaucratic barriers and any relevant training and information about the impact of one's actions on other parts of the organization. The motivation part of empowerment works when people are intrinsically motivated by power and opportunity and see their rewards linked to their performance. People who are empowered have a strong sense of self-efficacy, the feeling that they are capable of doing their jobs well and "making things happen." Empowering lower-level employees can be critical in service organizations, where providing customers with a good initial encounter or correcting any problems that develop can be essential for repeat business. There is also growing evidence that empowerment fosters job satisfaction and high performance. Used properly, empowerment puts power where it is needed to make the organization effective.

V. Influence Tactics-Putting Power to Work

Power is the potential to influence others. **Influence tactics** are tactics that are used to convert power into actual influence over others. These tactics include assertiveness, ingratiation, rationality, exchange, upward appeal, and coalition formation. Which tactics are used may be influenced by the power bases of the individual exercising power and who you are trying to influence. Men using rationality as an influence tactic received better performance evaluations, earned more money, and experienced less work stress. A particularly ineffective influence style is a "shotgun" style that is high on all tactics with particular emphasis on assertiveness and exchange.

VI. Who Wants Power?

The old concepts of power seekers were that they were neurotics covering up feelings of inferiority; striving to compensate for childhood deprivation; and substituting power for lack of affection. There is little doubt that these characteristics do apply to some power seekers and some seek it for its own sake and use it irresponsibly.

According to psychologist David McClelland, power can also be used responsibly to influence others. Need for power is the need to have strong influence over others. It is a reliable personality characteristic.

Some individuals have a need for power which can make them effective managers when used in a responsible and controlled manner. In addition to having a high need for power, they use their power to achieve organizational goals; they adopt a participative or "coaching" leadership style; and they are relatively unconcerned with how much others like them.

McClelland calls these managers *institutional managers* because they use their power for the good of the institution. He stresses the greater effectiveness of these managers compared to *personal power managers*, who use their power for personal gain, and *affiliative managers*, who are more concerned with being liked than with exercising power.

VII. Controlling Strategic Contingencies - How Subunits Obtain Power

Subunit power is the degree of power held by various organizational subunits, such as departments. They obtain this power through the control of **strategic contingencies**, which are critical factors affecting organizational effectiveness that are controlled by a key subunit. This means that the work performed by other subunits is contingent on the activities and performance of a key subunit. Again, we see the critical role of dependence in power relationships. The conditions under which subunits can control strategic contingencies involve scarcity, uncertainty, centrality, and substitutability.

A. Scarcity

Subunits tend to acquire power when they are able to secure scarce resources that are important to the organization as a whole. When resources such as budget dollars become scarce, subunits that are able to secure additional resources from outside the organization can obtain power. For example, university departments that have the ability to bring in external funding through consulting contracts and research grants gain power in this way.

B. Uncertainty

Since organizations dislike uncertainty, those subunits with the ability to cope with the unexpected are most likely to obtain power. Those functions that can provide the organization with greater control over what it finds problematic and can create more certainty will acquire more power. The intervention of governments into human resource policies in recent years has allowed human resource departments to gain power by coping with the various uncertainties.

C. Centrality

Subunits whose activities are most central to the workflow of the organization are more apt to obtain power than those whose activities are more peripheral. They are central to the extent that they influence the work of most other subunits; when they have an especially crucial impact on the quantity or quality of the organization's key product or service; or their impact is more immediate compared to other subunits.

D. Substitutability

A subunit will have relatively little power if others inside or outside the organization can perform its activities. If the subunit's staff is nonsubstitutable, however, it can acquire power. One crucial factor here is the general labour market for the specialty performed by the subunit. For example, engineers will have more power when there are few of them, than when their numbers increase. Having refined technical skills also impacts substitutability as does the ability of an organization to subcontract for skills outside. If work can be contracted out, the power of the subunit that usually performs these activities is reduced.

VIII. Organizational Politics - Using and Abusing Power

Not all uses of power constitute politics as described below.

A. The Basics of Organizational Politics

Organizational politics is the pursuit of self-interest in an organization, whether or not this self-interest corresponds to organizational goals. Generally, this activity is self-conscious and intentional, and it is possible for benefits to accrue to the organization even though outcomes are achieved by questionable tactics. Politics can be conceived as either an individual activity or subunit activity.

Politics involves using means of influence that the organization does not sanction and/or pursuing ends or goals that are not sanctioned by the organization. A means/ends matrix may be used to explore these relationships. It is the association between influence means and influence ends that determines whether activities are political and whether these activities benefit the organization.

- I. Sanctioned means/sanctioned ends. Here, power is used routinely to pursue agreed-on goals.
- II. Sanctioned means/nonsanctioned ends. In this case, acceptable means of influence are abused to pursue goals that the organization does not approve.
- III. Nonsanctioned means/sanctioned ends. Here, ends that are useful for the organization are pursued through questionable means.

- IV. Nonsanctioned means/nonsanctioned ends. This quadrant may exemplify the most flagrant abuse of power, since disapproved tactics are used to pursue disapproved outcomes.

Political activities tend to occur under particular conditions and locations in an organization such as among middle and upper management levels; in subunits with vague goals and complex tasks; and issues such as budget allocation. In general, scarce resources, uncertainty, and important issues provoke political activity.

Highly political climates result in lowered job satisfaction, lowered feelings of organizational support, and increased turnover intentions. When it comes to performance, evidence indicates that politics take a toll on older workers but not younger workers, perhaps due to stress factors.

B. The Facets of Political Skill

Political skill refers to “the ability to understand others at work and to use that knowledge to influence others to act in ways that enhance one’s personal or organizational objectives.” This definition includes two aspects—comprehending others and translating this comprehension into influence. There are four facets to political skill:

- *Social astuteness.* Good politicians are careful observers who are tuned in to others’ needs and motives. They can “read” people and thus possess emotional intelligence.
- *Interpersonal influence.* The politically skilled have a convincing and persuasive interpersonal style but employ it flexibly to meet the needs of the situation. They put others at ease.
- *Apparent sincerity.* Influence attempts will be seen as manipulative unless they are accompanied by sincerity. A good politician comes across as genuine and exhibits high integrity.
- *Networking ability.* **Networking** involves establishing good relations with key organizational members or outsiders to accomplish one’s goals. Networks provide a channel for favours to be asked for and given. An effective network enhances one’s organizational reputation, thus aiding influence attempt

Political skill, as measured by these four facets, is positively related to rated job performance. Also, more skilled politicians are less inclined to feel stressed in response to role conflict, evidently due to better coping.

Networking is a critical aspect of power acquisition and political success and involves developing informal social contacts to enlist the cooperation of others when their support is necessary. There are several aspects to networking:

- Maintaining contacts—giving out business cards; sending gifts and thank you notes
- Socializing—playing golf; participating in company sports leagues; having drinks after work
- Engaging in professional activities—giving a workshop; accepting a speaking engagement; teaching; publishing; appearing in the media
- Participating in community activities—being active in civic groups, clubs, and church events
- Increasing internal visibility—accepting high-profile work projects; sitting on important committees and task forces

Those high in self-esteem and extraversion are more likely to engage in networking behaviours. Engaging in professional activities and increasing internal visibility are most associated with career success but only for men despite the fact that men and women engaged in networking equally, except for socializing, where men had the edge.

C. Machiavellianism - The Harder Side of Politics

Machiavellianism is a set of cynical beliefs about human nature, morality, and the permissibility of using various tactics to achieve one's ends. For example, compared with "low Machs", "high Machs" are more likely to advocate the use of lying and deceit to achieve desired goals. High Machs are especially adept at getting their way when situations are unstructured and face-to-face dealing under emotional circumstances is the mode of interaction. They are cool and calculating and assume that many people are excessively gullible and do not know what is best for themselves. In summary, high Machs are likely to be enthusiastic organizational politicians.

D. Defensiveness-Reactive Politics

Political behaviour can also involve the defence or protection of self-interest. The goal here is to reduce threats to one's own power by avoiding actions that do not suit one's political agenda or avoiding blame for events that might threaten one's political capital. Avoiding action may be accomplished by stalling, overconforming, or buck passing. Avoiding blame can involve bluffing or scapegoating.

IX. Ethics in Organizations

Ethics can be defined as systematic thinking about the moral consequences of decisions. Moral consequences can be framed in terms of the potential for harm to any stakeholders in the decision. **Stakeholders** are people inside or outside of an organization who have the potential to be affected by organizational decisions.

Research shows that managers overwhelmingly agree that unethical practices occur in business. Many report pressure to compromise their own ethical standards, but most feel that they are more ethical than average. Research also shows that business students have looser ethical standards than practicing managers, at least when responding to written descriptions of ethical issues.

A. The Nature of Ethical Dilemmas

The results of a Conference Board study of corporate codes of business ethics indicate the extent to which various issues are covered for the firms' own employees, its suppliers, and its joint venture partners. Contractual and legally mandated issues find the most consensus (e.g., bribery, conflict of interest, proprietary information). The important but more subjective matters at the bottom of the list are less likely to be addressed.

Ethical issues are often occupationally specific. However, common themes that run through ethical issues faced by managers include honest communication, fair treatment, special consideration, fair competition, responsibility to organization, corporate social responsibility, and respect for law.

B. Causes of Unethical Behaviour

Although difficult to research, evidence does suggest a number of causes of unethical behaviour.

Gain. The anticipation of healthy reinforcement for following an unethical course of action, especially if no punishment is expected, should promote unethical decisions.

Role Conflict. Many ethical dilemmas that occur in organizations are actually forms of role conflict that get resolved in an unethical way.

Competition. Stiff competition for scarce resources and the absence of competition can stimulate unethical behaviour.

Personality. An individual with a strong economic value orientation is more likely to behave unethically as well as those with a high need for personal power (especially a "high Mach"), and a relatively unsophisticated understanding of moral issues.

Organizational and Industry Culture. Aspects of an organization's culture (and its subcultures) can influence ethics. The ethical values of a given organization are often shaped by how the behaviour of highly visible role models is rewarded. Also, some industries seem to have more ethical crises than others although competition may be a factor.

C. Whistle-blowing

Whistle-blowing occurs when a current or former organizational member discloses illegitimate practices to some person or organization that might be able to take action to correct these practices. The whistle might be blown either inside or outside of the offending organization, depending on the circumstances. Most organizations seem to rely on vague open door policies (Chapter 10) rather than having specific channels and procedures for whistle-blowers to follow.

D. Sexual Harassment - When Power and Ethics Collide

Sexual harassment is a form of unethical behaviour that stems in part from the abuse of power and the perpetuation of a gender power imbalance in the workplace. While the most severe forms of sexual harassment are committed by supervisors, the most frequent perpetrators are actually co-workers. Sexual harassment is also prevalent in hostile work environments that perpetuate the societal power imbalance between men and women.

Many organizations are slow to react to complaints of sexual harassment and many do nothing about it until the complainant has reported it. This phenomenon has been referred to as the "deaf ear syndrome" which refers to the "the inaction or complacency of organizations in the face of charges of sexual harassment".

Organizations can effectively deal with allegations of sexual harassment and increase their responsiveness by taking a number of important measures:

- Examine the Characteristics of Deaf Ear Organizations.
- Foster Management Support and Education.
- Stay Vigilant.

- Take Immediate Action.
- Create a State of the Art Policy.
- Establish Clear Reporting Procedures.

In general, organizations that are responsive to complaints of sexual harassment have top management support and commitment, comprehensive education and training programs, continuously monitor the work environment, respond to complaints in a thorough and timely manner, and have clear policies and reporting procedures.

E. Employing Ethical Guidelines

Many organizations have invested in ethical programs. There is evidence that formal education in ethics does have a positive impact on ethical attitudes. Some simple guidelines should help in the ethical screening of decisions. The point is to think seriously about the moral implications of your decisions before they are made.

- Identify the stakeholders.
- Identify the costs and benefits of various alternatives to these stakeholders.
- Consider the relevant moral expectations that surround a particular decision.
- Be familiar with the common ethical dilemmas in your specific role or profession.
- Discuss ethical matters with decision stakeholders and others.
- Convert your ethical judgments into appropriate action.

These guidelines should enable you to recognize ethical issues, make ethical judgments, and then convert these judgments into behaviour. Training and education in ethics have become popular in North American organizations and does have a positive impact on ethical attitudes.

Chapter 13

I. What Is Conflict?

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

II. Causes of Organizational Conflict

It is possible to isolate a number of factors that contribute to organizational conflict.

A. Group Identification and Intergroup Bias

This is the tendency of people to develop a more positive view of their own "in-group" and a less positive view of "out-groups" of which they are not a member.

This tendency appears to develop even when group membership is essentially arbitrary. The best prognosis is that people who identify with some groups will tend to be leery of out-group members.

B. Interdependence

When individuals or subunits are mutually dependent on each other to accomplish their own goals, the potential for conflict exists. The potential for the abuse of power in such relationships and the on-going need for coordination are both potential problem areas.

C. Differences in Power, Status, and Culture

Conflict can erupt when parties differ significantly in power, status, or culture.

Power. If dependence is not mutual, but one-way, an imbalance in power can arise and the potential for conflict increases.

Status. Status differences have the greatest potential for conflict when a reversal of expected roles occurs; that is, when a high status person like an executive, finds themselves being educated on computer usage by their administrative assistant. Some executives are defensive about this reversal of roles.

Culture. When two or more very different cultures develop in an organization, the clash in beliefs and values can result in overt conflict.

D. Ambiguity

Ambiguous goals, jurisdictions, or performance criteria can lead to conflict. Under such ambiguity, the formal and informal roles that govern interaction break down and it may be difficult to determine responsibility. Ambiguous performance criteria are a frequent cause of conflict between managers and employees.

E. 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.

III. Types of Conflict

Relationship conflict concerns interpersonal tensions among individuals that have to do with their relationship per se, not the task at hand. So-called "personality clashes" are examples of relationship conflicts. **Task conflict** concerns disagreements about the nature of the work to be done.

Differences of opinion about goals or technical matters are examples of task conflict. **Process conflict** involves disagreements about how work should be organized and accomplished. Disagreements about responsibility, authority, resource allocation, and who should do what all constitute process conflict. In the context of work groups and teams, task, relationship, and process conflict tend to be detrimental to member satisfaction and team performance.

IV. Conflict Dynamics

A number of events occur when one or more of the causes of conflict takes effect. As a conflict begins, "winning" becomes very important, the parties conceal information from each other, each group becomes more cohesive, contact with the opposite party is discouraged, negative stereotypes of the opposite party develop, and an aggressive leader skilled at engaging in conflict may emerge. Based on these internal dynamics, the elements of this process work against the achievement of a peaceful solution and the conflict continues to cycle "on its own steam."

V. Modes of Managing Conflict

Conflict expert Kenneth Thomas has developed a set of five conflict management styles or strategies that are a function of both how assertive you are in trying to satisfy your own or your group's concerns, and how cooperative you are in trying to satisfy those of the other party or group. Each style might have its place given the situation in which the conflict episode occurs.

A. Avoiding

Avoiding is a conflict management style characterized by low assertiveness of one's own interests and low cooperation with the other party. This is the "hiding the head in the sand" response to conflict. Its effectiveness is often limited.

B. Accommodating

Accommodating is a conflict management style 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.

C. Competing

Competing is a conflict management style that maximizes assertiveness for your own position and minimizes cooperative responses. The conflict tends to be framed in strict win-lose terms.

D. Compromise

Compromise is a conflict management style 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.

E. Collaborating

Collaborating is a conflict management style 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. It is assumed that the solution to the conflict can leave both parties in a better condition. Effective collaboration frequently enhances productivity and achievement. Collaboration between organizational departments is particularly important for providing good customer service.

VI. Managing Conflict with Negotiation

Negotiation is a decision-making process among interdependent parties who do not share identical preferences. Labour and management negotiate over wages and conditions, but job applicants also negotiate for starting salaries, employees negotiate for better job assignments, and people with sick kids negotiate to leave work early. Negotiation constitutes conflict management, in that it is an attempt either to prevent conflict or to resolve existing conflict. It is an attempt to reach a satisfactory exchange among or between the parties.

It has become common to distinguish between distributive and integrative negotiation tactics. **Distributive negotiation** assumes a zero-sum, win-lose situation in which a fixed amount of assets is divided between parties.

Integrative negotiation is a win-win negotiation that assumes that mutual problem solving can enlarge the assets to be divided between the parties. Distributive and integrative negotiations can take place simultaneously.

A. Distributive Negotiation Tactics

Distributive negotiation is essentially single-issue negotiation. Reaching an acceptable resolution in distributive negotiation involves both parties arriving at a point in the "settlement range", an area of overlap between each party's target and their resistance point. Several techniques can influence how that point is determined.

Threats and Promises. Threats consist of implying that punishment will be forthcoming if the opponent does not concede to your position. Promises are pledges that concessions will lead to rewards in the future.

Firmness versus Concessions. Intransigence — not moving — is often met by the same and the negotiations are deadlocked. A series of small concessions early in the process will often be matched.

Persuasion. Verbal persuasion or debate is common in negotiations. It is an attempt to change the attitudes of the other party toward your target position.

B. Integrative Negotiation Tactics

The effort and creativity required to move past "fixed-pie" bargaining can be well worth the effort. A number of factors can help to make it happen.

Copious Information Exchange. Parties need to give away non-critical information early to start the ball rolling, ask lots of questions and listen to the answers. Trust must be built slowly so that "positions" will give way to the communication of true interests.

Framing Differences as Opportunities. Differences need not represent mutually exclusive options. Explore them for the opportunity to satisfy both parties without compromise.

Cutting Costs. If you can somehow cut the costs that the other party associates with an agreement, the chance of an integrative settlement increases. Integrative solutions are especially attractive when they reduce costs for all parties in a dispute.

Increasing Resources. The ultimate solution to "fixed-pie" bargaining is to have the parties use their combined power to obtain greater resources which they can then divide.

Introducing Superordinate Goals. **Superordinate goals** are attractive outcomes that can be achieved only by collaboration. Neither party can achieve the goal on its own. Superordinate goals represent the best example of creativity in integrative negotiation because they change the entire landscape of the negotiation episode.

C. Third Party Involvement

Third parties may come into play to intervene between negotiating parties when an impasse is reached (labour/management disputes) or may be involved from the start as a normal part of the process of bargaining (real estate agents). Two approaches to third party involvement are mediation and arbitration.

Mediation. This occurs when a neutral third party helps to facilitate a negotiated agreement by aiding the process/atmosphere of bargaining or by intervening in the content of the negotiation. Mediation has a fairly successful track record in dispute resolution.

Arbitration. This occurs when a third party is given the authority to dictate the terms of settlement of a conflict. This usually happens when negotiation has broken down and the arbitrator has to make a final distributive allocation. In *conventional arbitration*, the arbitrator can choose any outcome, such as splitting the difference between the two parties. In *final offer arbitration*, each party makes a final offer and the arbitrator chooses one of them.

VII. Is All Conflict Bad?

Traditionally, there has been an emphasis on the negative, dysfunctional aspects of conflict. Recently, though, there has been growing awareness of the potential benefits of organizational conflict. Some experts feel that conflict creates necessary organizational change which is necessary for adaptation and survival:

CONFLICT --> CHANGE --> ADAPTATION --> SURVIVAL

For organizations to survive, they must adapt to their environment. This requires changes in strategy that may be stimulated through conflict. This suggests that there are times when managers might use a strategy of conflict stimulation. **Conflict stimulation** is a strategy of increasing conflict in order to motivate change. This can occur when peaceful relationships take precedence over organizational goals or when differences are suppressed or down played. Scarcity and ambiguity can be manipulated by managers to stimulate conflict and change.

VIII. A Model of Stress in Organizations

Stress has become a serious concern for individuals and organizations. Stress can be part of the everyday routine of organizations. A model of a stress episode can provide a better understanding of stress.

A. Stressors

Stressors are environmental events or conditions that have the potential to induce stress. These can include a person's job, a person's co-workers, conditions like extreme heat and cold, as well as the hostility of others.

A person's personality often determines the extent to which a potential stressor becomes a real stressor and actually induces stress.

B. Stress

Stress is a psychological reaction to the demands inherent in a stressor that has the potential to make a person feel tense or anxious because the person does not feel capable of coping with these demands. All stress is not intrinsically bad since moderate levels of stress can serve as stimulation. However, stress does become a problem when it leads to especially high levels of anxiety and tension.

C. Stress Reactions

Stress reactions are the behavioural, psychological, and physiological consequences of stress. Some of these reactions are passive over which the individual has little control such as elevated blood pressure. Others are active attempts to cope with some aspect of the stress episode. Reactions that are useful for the individual in dealing with stress may be very costly for the organization. Hence, organizations should be interested in the stress their employees experience.

D. 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, and negative affectivity.

Locus of Control. **Locus of control** refers to a set of beliefs about whether one's behaviour is controlled mainly by internal or external factors. Compared with internals, externals are more likely to feel anxious in the face of potential stressors since they feel less in control. Internals are also more likely to confront stressors directly, while externals are more prone to simple anxiety-reduction strategies that only work in the short term.

Type A Behaviour Pattern. **Type A behaviour** pattern is a personality pattern that includes aggressiveness, ambitiousness, competitiveness, hostility, impatience, and a sense of time urgency. Type B individuals do not exhibit these extreme characteristics. Type A people report heavier workloads, longer work hours, and more conflicting work demands. They either encounter more stressful situations than Type Bs or they perceive themselves as doing so.

Type A individuals are likely to exhibit adverse physiological reactions in response to stress including elevated blood pressure, elevated heart rate, and modified blood chemistry. The major component of Type A behaviour that contributes to adverse physiological reactions is hostility and repressed anger.

Negative Affectivity. **Negative affectivity** is the propensity to view the world, including oneself and other people, in a negative light. People high in negative affectivity tend to be pessimistic and downbeat. As a consequence, they tend to report more stressors in the work environment and to feel more subjective

stress. They are particularly likely to feel stressed in response to the demands of a heavy workload.

IX. Stressors in Organizational Life

Some stressors can affect almost everyone in any organization, while others seem especially likely to affect people who perform particular roles in organizations.

A. 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. **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.

Heavy Responsibility. Since managers also have heavy responsibilities, they must always be aware of the consequences of their actions. Hence, firing employees, million dollar decisions, closing a money-losing plant, or ending a strike can all serve as stressors to executives.

B. Operative-Level Stressors

Operatives are individuals who occupy nonprofessional and nonmanagerial positions in organizations. The occupants of operative positions are sometimes exposed to a special set of stressors.

Poor Physical Working Conditions. Operative-level employees are more likely than managers and professionals to be exposed to physically unpleasant or dangerous working conditions.

Poor Job Design. Jobs that are too simple or not challenging enough can act as stressors. Monotony and boredom can prove extremely frustrating to people who feel capable of handling more complex tasks. 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.

C. 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.

A particular form of stress experienced by some boundary role occupants is burnout. **Burnout** is a combination of emotional exhaustion, depersonalization, and reduced personal accomplishment among those who work with people. Teachers, nurses, social workers, paramedics, and police are especially likely candidates for burnout. Burnout follows a stage like process that begins with emotional exhaustion, followed by depersonalization, and finally feelings of low personal accomplishment. Much boundary role stress stems from the frequent need for employees to engage in "emotional labour". The suppression of negative emotions takes a toll on cognitive and emotional resources over time.

C. Some 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. Although bullying can involve physical aggression, it is most commonly a more subtle form of psychological aggression and intimidation that can include incessant teasing, demeaning criticism, social isolation, or sabotaging others' tools and equipment. An essential feature of bullying is its persistence. It is the *repeated* teasing, criticism, or undermining that signals bullying. Another key feature of the bullying process is some degree of power or status imbalance between the bully and the victim. *Mobbing* occurs when a number of individuals, usually direct co-workers, "gang up" on a particular employee. Mobbing can be especially intimidating and stressful because it restricts the availability of social support that might be present when there is only a single bully. Victims of bullying and mobbing experience stress because they feel powerless to deal with the perpetrator(s).

Work-Family Conflict. Increases in dual career families, single parent families, and life spans are all contributing to conflicting demands of work and family. Many managers remain unaware of the impact of these changes on child-care and eldercare concerns and there is evidence to suggest that these demands fall disproportionately on women's shoulders with career limiting results.

Job Insecurity and Change. Major organizational changes have left many workers unemployed and threatened the security of those who have been fortunate enough to remain in their jobs. The fear of job loss has become a way of life for employees at all organizational levels. No level of the organization is immune to this stressor. Technological changes threaten the operative level. Professionals may find themselves "overqualified" in a narrow specialty no longer required. Executives are often let go as organizations thin their ranks.

Role Ambiguity. Stress often results from the lack of direction which exists when the goals of one's job or the methods of performing it are unclear. Such a lack of direction can prove stressful, especially for people who are low in their tolerance for such ambiguity.

Sexual Harassment. Sexual harassment is a major workplace stressor with serious consequences for employees and the organization that are similar to or more negative than other types of job stressors. Organizations in which sexual harassment is most likely to be a problem are those that have a climate that is tolerant of sexual harassment and where women are working in traditional male-dominated jobs and in a male-dominated workplace.

X. Reactions to Organizational Stress

Reactions to organizational stress can be divided into behavioural, psychological, and physiological.

A. Behavioural Reactions to Stress

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

Problem Solving. In general, problem solving is directed toward terminating the stressor or reducing its potency. It is reality oriented and generally routine, sensible, and the obvious approach that an objective observer might suggest. Problem solving responses will often reduce stress and stimulate performance. Some examples include: delegation, time management, talking it out, asking for help, and searching for alternatives.

Performance. Stress or stressors can cause reduced job performance. Things like role ambiguity and interpersonal conflict are "hindrance" stressors and they can damage performance. Stressors such as heavy workload and responsibility are challenging and while they can damage performance, they sometimes stimulate it via added motivation.

Withdrawal. Withdrawal from the stressor is one of the most basic reactions to stress. In organizations, withdrawal takes the form of absence or turnover. Absenteeism fails to attack the stressor directly. A well-planned resignation in which the intent is to assume another job that should be less stressful should benefit both the individual and the organization rather than a person resigning from a stressful job on the spur of the moment merely to escape stress.

Use of Addictive Substances. Smoking, drinking and drug use represent the least satisfactory behavioural response to stress for both the individual and the organization. These activities fail to terminate stress episodes, and they leave employees less physically and mentally prepared to perform their jobs.

B. Psychological Reactions to Stress

Psychological reactions to stress primarily involve emotions and thought processes, rather than overt behaviour, although these reactions are frequently revealed in the individual's speech and actions. The most common psychological reaction to stress is the use of defence mechanisms. **Defence mechanisms** are psychological attempts to reduce the anxiety associated with stress. Thus, they concentrate on anxiety reduction. Some common defence mechanisms include the following:

- Rationalization is attributing socially acceptable reasons or motives to one's actions so that they appear reasonable and sensible.
- Projection is attributing one's own undesirable ideas and 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.

Used occasionally to temporarily reduce anxiety, defence mechanisms appear to be a useful reaction. However, when the use of defence mechanisms becomes a chronic reaction to stress, it can become a problem as the basic conflict or frustration remains in operation.

C. Physiological Reactions to Stress

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 and bacterial infections.

XI. Reducing or Coping with Stress

There are a number of personal and organizational strategies that can help reduce or cope with stress.

A. Job Redesign

Organizations can redesign jobs to reduce their stressful characteristics. Most formal job redesign efforts have involved enhancing operative-level jobs to make them more stimulating and challenging. There is growing evidence that providing more autonomy in how service is delivered can alleviate stress and burnout. Boundary role service jobs require a high degree of emotional regulation and some degree of autonomy allows employees to cope with emotional labour by adjusting their responses to the needs of the moment in line with their own personalities.

B. Social Support

The support of others can help us deal with stress. Social support refers to having close ties with other people. People with stronger social networks exhibit better psychological and physical well being. When people encounter stressful events, those with good social networks are likely to cope more positively. Thus, the social network acts as a buffer against stress. One's spouse, family, and friends as well as co-workers can provide needed social support to stress-prone individuals. Co-workers and superiors might be the best sources of support for dealing with work-related stress.

C. "Family Friendly" Human Resource Policies

In order to reduce stress associated with dual careers, child care, and elder care, many organizations are beginning to institute "family friendly" human resource policies. These policies usually include some combination of formalized social support (newsletters, support groups), material support (corporate daycare), and increased flexibility (flex-time, telecommuting, and job sharing) to adapt to employee needs.

D. Stress Management Programs

Some organizations use programs designed to help employees "manage" work-related stress. Although the exact content of programs varies, most involve one or more of the following techniques: meditation; muscle relaxation exercises; biofeedback training to control physiological processes; training in time management; and training to think more positively and realistically about sources of job stress. Tentative evidence suggests that these applications are useful in reducing physiological arousal, sleep disturbances, and self-reported tension and anxiety.

E. Work-Life Balance Programs

An increasing number of organizations are providing work-life balance programs and employees are beginning to demand them. These are programs that are designed to help employees' lead more productive and balanced lives and can include mental and physical fitness programs, coffee bars, and cafeteria health food. Work-life programs are believed to result in lower-health care costs in part due to stress reduction.