Zappos's CEO Tony Hsieh likes to mix hard work and fun at the online retailer.

Tony Hsieh does more than just talk about the importance of his company's people; he trusts, empowers, and listens to them. No surprise then that Zappos.com ranked number 6 on *Fortune*'s 2011 "100 Best Companies to Work For" list.[2] Hsieh helped create what Stanford University's Jeffrey Pfeffer calls a "people-centered" organization. Research evidence from companies in both the United States and Germany shows the following seven *people-centered practices* to be strongly associated with much higher profits and significantly lower employee turnover:

1. Job security (to eliminate fear of layoffs).
2. Careful hiring (emphasizing a good fit with the company culture).
3. Power to the people (via decentralization and self-managed teams).
4. Generous pay for performance.
5. Lots of training.
6. Less emphasis on status (to build a "we" feeling).
7. Trust building (through the sharing of critical information).[3]

Importantly, these factors are a *package* deal, meaning they need to be installed in a coordinated and systematic manner—not in bits and pieces.

According to Pfeffer, only 12% of today's organizations have the systematic approaches and persistence to qualify as true people-centered organizations, thus giving them a competitive advantage.[4] To us, an 88% shortfall in the quest for people-centered organizations represents a tragic waste of human and economic potential. Pfeffer recently couched his call for greater people-centeredness in the "green management" term *sustainability*: "Just as there is concern for protecting natural resources, there could be a similar level of concern for protecting human resources."[5] There are profound ethical implications as well, especially during the recent deep recession with millions of layoffs. At people-centered organizations (see Real World/Real People for an inspiring example), layoffs are a very last resort, not a knee-jerk first response to bad news. Both practical experience and research tell us that layoffs hurt everyone, including the "survivors" who keep their jobs. A recent study of 318 companies led to this conclusion: "Three-fourths of 4,172 workers who have kept their jobs say their productivity has dropped since their organizations let people go."[6] Of course, layoffs are sometimes unavoidable. But imaginative people-centered organizations can make layoffs a last resort with tactics such as across-the-board pay cuts and/or reduced hours and voluntary unpaid leaves of absence. Additionally, consider these unique people-centered tactics:

Example. Vermont's Rhino Foods, which makes the cookie dough for Ben & Jerry's ice cream, recently sent 15 factory workers to nearby lip balm manufacturer Autumn Harp for a week to help it handle a holiday rush. The employees were paid by Rhino, which then invoiced its neighbor for the hours worked. President Ted Castle is looking to adopt a similar approach with salaried managers, too. "It's a lot easier to just do the layoff," says Castle. "But in the long term, it's not easier for the business."

Matt Cooper, vice-president of Larkspur (Calif.) recruiting firm Accolo, asked employees to take five days of unpaid leave this quarter but won't dock paychecks until March. If big deals come through, he'll lift the pay cut.[7]

Each of us needs to accept the challenge to do a better job of creating and maintaining people-centered organizations, whatever our role(s) in society—employer/

real WORLD // real PEOPLE: ethics

Lola Gonzalez Laid Herself Off First!

Like countless small-business owners, Lola Gonzalez agonizingly resolved to trim her firm's nine-person staff when the economic recovery began to sputter . . . [in early 2010].

Unlike other entrepreneurs, she picked an unlikely employee to lay off: herself.

The owner of Accurate Background Check in Ocala, Fla., says she couldn't bear to fire employees who have worked there for years. So she stopped paying herself a six-figure salary and got a job for less than half the pay as a social worker.

"How could you let somebody go that you trusted and that trusted you?" says Gonzalez, 51, who's still a social worker. . . .

Employees initially froze in fear [during her announcement], then erupted in laughter. Until they realized she was serious. . . .

Besides putting in a 40-hour week, . . . Gonzalez gets twice-weekly phone updates on goings-on at her business and still does certain background checks herself without getting paid.

What are the broader, long-term benefits of this people-centered practice?

SOURCE: Excerpted from P Davidson, "How a Boss Saved Jobs: She Laid Herself Off," *USA Today*, November 26, 2010, p 1B.

entrepreneur, employee, manager, stockholder, student, teacher, voter, elected official, social/political activist. Toward that end, the mission of this book is to help increase the number of people-centered and ethically managed organizations around the world to improve the general quality of life.[8]

The purpose of this first chapter is to define organizational behavior (OB); examine its contemporary relevance; explore its historical, managerial, and ethical contexts; and introduce a topical road map for the balance of this book.

Welcome to the World of OB

TO THE POINT

Why is it important to study organizational behavior, regardless of one's organizational level or specialty?

Organizational behavior deals with how people act and react in organizations of all kinds. Think of the many organizations that touch your life on a regular basis; organizations that employ, educate, connect, inform, feed, heal, protect, and entertain you. Cradle to grave, we interface with organizations at every turn. According to Chester I Barnard's classic definition, an **organization** is "a system of consciously coordinated activities or forces of two or more persons."[9] Organizations are a social invention helping us to achieve things collectively that we could not achieve alone. For better or for worse, they extend our reach. Consider the inspiring example of the World Health Organization (WHO):

Example. In 1967, 10 to 15 million people around the globe were struck annually by smallpox. That year, the World Health Organization set up its smallpox-eradication unit. In 13 years it was able to declare the world free of the disease. In 1988, 350,000 people were afflicted by polio when the WHO set up a similar eradication unit. Since then it has spent $3 billion and received the help of 20 million volunteers from around the world. The result: in 2003 there were only 784 reported cases of polio.[10]

On the other hand, organizations such as al-Qaeda kill and terrorize, and others such as failed banks and businesses squander our resources. Organizations are

organization System of consciously coordinated activities of two or more people.

real WORLD // real PEOPLE: ethics

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the chessboard on which the game of life is played. To know more about *orga-zational* behavior—life within organizations—is to know more about the natu possibilities, and rules of that game.

LO.1 Organizational Behavior: An Interdisciplinary Fie

Organizational behavior, commonly referred to as OB, is an interdisciplinary fi dedicated to better understanding and managing people at work. By definitic organizational behavior is both research and application oriented. Three ba levels of analysis in OB are individual, group, and organizational. OB dra upon a diverse array of disciplines, including psychology, management, sociolo organization theory, social psychology, statistics, anthropology, general syste theory, economics, information technology, political science, vocational couns ing, human stress management, psychometrics, ergonomics, decision theory, a ethics.[11] This rich heritage has spawned many competing perspectives and theori about human work behavior. By 2003, one researcher had identified 73 distin theories about behavior within the field of OB.[12]

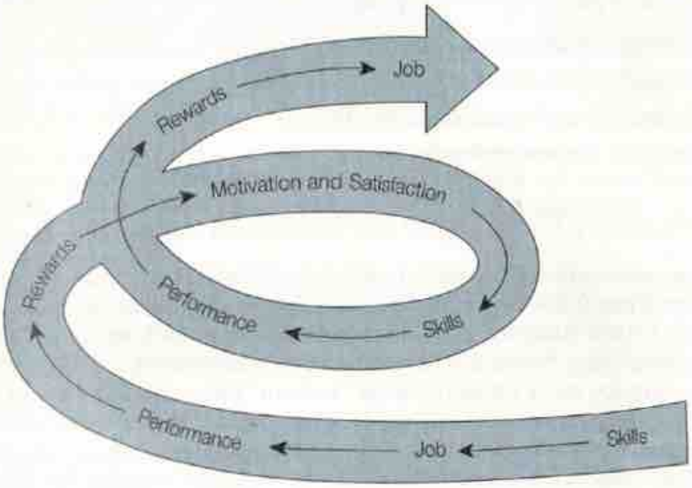
Some FAQs about Studying OB

Through the years we (and our colleagues) have fielded some frequently ask questions (FAQs) from our students about our field. Here are the most comm ones, along with our answers.

Why Study OB? If you thoughtfully study this book, you will learn mo about yourself, how to interact effectively with others, and how to thrive (not ju survive) in organizations. Lots of insights about your own personality, emotion values, job satisfaction, perceptions, needs, and goals are available in Part 2. Rel tive to your interpersonal effectiveness, you will learn about being a team playe building trust, managing conflict, negotiating, communicating, and influencir and leading others. We conclude virtually every major topic with practical how to-do-it instructions. The idea is to build your skills in areas such as self-mar agement, making ethical decisions, avoiding groupthink, listening, coping wit organizational politics, handling change, and managing stress. Respected O scholar Edward E Lawler III created the "virtuous career spiral" in Figure 1– to illustrate how OB-related skills point you toward career success. "It shows tha increased skills and performance can lead to better jobs and higher rewards."[13]

If I'm an Accounting (or Other Technical) Major, Why Should Study OB? Many students in technical fields such as accounting, financ computer science, and engineering consider OB to be a "soft" discipline with littl or no relevance. You may indeed start out in a narrow specialty, but eventually you hard-won success will catch up with you and you will be tapped for some sort of su pervisory or leadership position. Your so-called soft people skills will make or brea your career at that point. Also, in today's team-oriented and globalized workplac your teamwork, cross-cultural, communication, conflict handling, and negotiatio skills and your powers of persuasion will be needed early and often. Jack Welch, th legendary CEO of General Electric, and Suzy Welch, the former editor of *Harvar Business Review,* offered this answer to a business school professor's question abou how best to prepare students for today's global business environment:

Example. We'd make the case that the nitty-gritty of managing people should rank higher in the educational hierarchy. In the past two years we've visited 35 B-school around the world and have been repeatedly surprised by how little classroom at tention is paid to hiring, motivating, team-building, and firing. Instead, B-school seem far more invested in teaching brainiac concepts—disruptive technologies figure 1–1 OB-Related Skills Are the Ticket to Ride the Virtuous Career Spiral



SOURCE: Edward E. Lawler III, *Treat People Right! How Organizations and Individuals Can Propel Each Other into a Virtual Spiral of Success*, Jossey-Bass, 2003, p. 21. Reprinted with permission of John Wiley & Sons, Inc.

complexity modeling, and the like. Those may be useful, particularly if you join a consulting firm, but real managers need to know how to get the most out of people.

We hope you have the clout to make sure people management is front and center at your university. If you do, you'll launch your students' careers with a real head start.[14]

Can I Get a Job in OB? Organizational behavior is an academic designation. With the exception of teaching/research positions, OB is not an everyday job category such as accounting, marketing, information technology, or finance. Students of OB typically do not get jobs in organizational behavior, per se. This reality in no way demeans OB or lessens its importance in effective organizational management. OB is a *horizontal* discipline cutting across virtually every job category, business function, and professional specialty. Anyone who plans to make a living in a large or small, public or private, organization needs to study organizational behavior.

A Historical Perspective of OB

A historical perspective of the study of people at work helps in studying organizational behavior. According to a management history expert, this is important because:

Example. Historical perspective is the study of a subject in light of its earliest phases and subsequent evolution. Historical perspective differs from history in that the object of historical perspective is to sharpen one's vision of the present, not the past.[15]

TO THE POINT

What lessons from McGregor and Deming can help managers build human and social capital?

organizational behavior Interdisciplinary field dedicated to better understanding and managing people at work.

In other words, we can better understand where the field of OB is today where it appears to be headed by appreciating where it has been and how it is b redirected.[16] Let us examine four significant landmarks in the understanding management of people in the workplace.

1. The human relations movement.
2. The quality movement.
3. The Internet and social media revolution.
4. The age of human and social capital.

The Human Relations Movement

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge on the history of organizational behavior.

A unique combination of factors during the 1930s fostered the human relat movement. First, following legalization of union–management collective barg ing in the United States in 1935, management began looking for new ways handling employees. Second, behavioral scientists conducting on-the-job resea started calling for more attention to the "human" factor. Managers who had the battle to keep unions out of their factories heeded the call for better hu relations and improved working conditions. One such study, conducted at Wes Electric's Chicago-area Hawthorne plant, was a prime stimulus for the hur relations movement. Ironically, many of the Hawthorne findings have turned to be more myth than fact.

The Hawthorne Legacy Interviews conducted decades later with th subjects of the Hawthorne studies and reanalysis of the original data v modern statistical techniques do not support initial conclusions about the p tive effect of supportive supervision. Specifically, money, fear of unempl ment during the Great Depression, managerial discipline, and high-quality materials—not supportive supervision—turned out to be responsible for h output in the relay assembly test room experiments.[17] Nonetheless, the hun relations movement gathered momentum through the 1950s, as academics a managers alike made stirring claims about the powerful effect that individ needs, supportive supervision, and group dynamics apparently had on performance.

These relay assembly test room employees in the classic Hawthorne Western Electric studies turned in record performance. Why? No one knows for certain, and debate continues today. Supportive supervision was long believed to be the key factor. Whatever the reason, Hawthorne gave the budding human relations movement needed research credibility.

The Writings of Mayo and Follett Essentia the human relations movement were the writings of El Mayo and Mary Parker Follett. Australian-born Ma who headed the Harvard researchers at Hawthorne, vised managers to attend to employees' emotional need his 1933 classic *The Human Problems of an Industrial Ci ization.* Follett was a true pioneer, not only as a wom management consultant in the male-dominated indust world of the 1920s, but also as a writer who saw employ as complex combinations of attitudes, beliefs, and nee Mary Parker Follett was way ahead of her time in tell managers to motivate job performance instead of mer demanding it, a "pull" rather than "push" strategy. S also built a logical bridge between political democracy a a cooperative spirit in the workplace.[18]

McGregor's Theory Y In 1960, Douglas McGreg wrote a book entitled *The Human Side of Enterpr* which has become an important philosophical base for modern view of people at work.[19] Drawing on his expe ence as a management consultant, McGregor formula

table 1–1 McGregor's Theory X and Theory Y

OUTDATED (THEORY X) ASSUMPTIONS ABOUT PEOPLE AT WORK	MODERN (THEORY Y) ASSUMPTIONS ABOUT PEOPLE AT WORK
1. Most people dislike work; they avoid it when they can.	1. Work is a natural activity, like play or rest.
2. Most people must be coerced and threatened with punishment before they will work. People require close direction when they are working.	2. People are capable of self-direction and self-control if they are committed to objectives.
3. Most people actually prefer to be directed. They tend to avoid responsibility and exhibit little ambition. They are interested only in security.	3. People generally become committed to organizational objectives if they are rewarded for doing so.
	4. The typical employee can learn to accept and seek responsibility.
	5. The typical member of the general population has imagination, ingenuity, and creativity.

SOURCE: From D McGregor, *The Human Side of Enterprise*, McGraw-Hill, 1960, Ch 4. Copyright © 2008 The McGraw-Hill Companies. Reprinted with permission.

two sharply contrasting sets of assumptions about human nature (see Table 1–1). His Theory X assumptions were pessimistic and negative and, according to McGregor's interpretation, typical of how managers traditionally perceived employees. To help managers break with this negative tradition, McGregor formulated his **Theory Y,** a modern and positive set of assumptions about people. McGregor believed managers could accomplish more through others by viewing them as self-energized, committed, responsible, and creative beings.

Unfortunately, according to ongoing research on *employee engagement*, McGregor's Theory Y is still a distant vision in the American workplace:

Example. The August 2009 Gallup Employee Engagement Index reported that only 33 percent of workers are engaged in their jobs, 49 percent are not engaged, and 18 percent are actively disengaged. The Gallup Organization defines the categories as follows:

Engaged employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

Non-engaged employees have essentially "checked out." They sleepwalk through workdays. They put in time but don't approach their work with energy or passion.

Actively disengaged employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what engaged coworkers accomplish.

Theory Y McGregor's modern and positive assumptions about employees being responsible and creative.

Gallup researchers, who base the Employee Engagement Index on a survey of nearly 42,000 randomly selected adults, estimate that disengaged workers cost US businesses as much as $350 billion a year.[20]

Employee engagement, and many ways to improve it, are discussed in later chapters.

New Assumptions about Human Nature Unfortunately, unsophisticated behavioral research methods caused the human relationists to embrace some naive and misleading conclusions.[21] For example, human relationists believed in the axiom, "A satisfied employee is a hardworking employee." Subsequent research, as discussed later in this book, shows the satisfaction → performance linkage to be more complex than originally thought.

Despite its shortcomings, the human relations movement opened the door to more progressive thinking about human nature. Rather than continuing to view employees as passive economic beings, managers began to see them as active social beings and took steps to create more humane work environments.

The Quality Movement

In 1980, NBC aired a television documentary titled "If Japan Can . . . Why Can't We?" It was a wake-up call for North American companies to dramatically improve product quality or continue losing market share to Japanese electronics and automobile companies. A full-fledged movement ensued during the 1980s and 1990s. Much was written, said, and done about improving the quality of both goods and services.[22]

Thanks to the concept of *total quality management* (TQM) and Six Sigma programs, the quality of the goods and services we purchase today is significantly better than in years past. Six Sigma was developed in 1986 at Motorola by engineer Bill Smith to achieve an astounding 99.9997% quality target by eliminating defects and cutting waste. It was licensed to companies such as General Electric that became avid users. An estimated 35% of US companies have adopted Six Sigma.

Example. Six Sigma, broadly speaking, expresses a way of thinking about business problems that encourages precision and predictability. The mantra of Six Sigma "black belts" is DMAIC, for "define, measure, analyze, improve, control." The "sigma" refers to the Greek letter, which in statistics is used to measure how far something deviates from perfection. The "six" comes from the goal to be no more than six standard deviations away from that perfect measure.[23]

The underlying principles of TQM and Six Sigma are more important than ever given customers' steadily rising expectations:

Example. Establish a reputation for great value, top quality, or pulling late-night miracles in time for crucial client meetings, and soon enough, the goalposts move. "Greatness" lasts only as long as someone fails to imagine something better. Inevitably, the exceptional becomes the expected.

Call it the performance paradox: If you deliver, you only qualify to deliver more. Great companies and their employees have always endured this treadmill of expectations. But these days, the brewing forces of technology, productivity, and transparency have accelerated the cycle to breakneck speed.[24]

The quality movement has profound practical implications for managing people today.

What Is TQM? Experts on the subject offered this definition of **total quality management:**

Example. TQM means that the organization's culture is defined by and supports the constant attainment of customer satisfaction through an integrated system of tools, techniques, and training. This involves the continuous improvement of organizational processes, resulting in high-quality products and services.[25]

Quality consultant Richard J Schonberger sums up TQM as "continuous, customer-centered, employee-driven improvement."[26] TQM is necessarily employee driven because product or service quality cannot be continuously improved without the active learning and participation of *every* employee. Thus, in successful quality improvement programs, TQM principles are embedded in the organization's culture. In fact, according to the results of a field experiment, bank customers had higher satisfaction after interacting with bank employees who had been trained to provide excellent service.[27]

The Deming Legacy Quality is in the corporate DNA today thanks in large part to the pioneering work of W Edwards Deming.[28] Ironically, the mathematician credited with Japan's post–World War II quality revolution rarely talked in terms of quality. He instead preferred to discuss "good management" during the hard-hitting seminars he delivered right up until his death at age 93 in 1993.[29] Although Deming's passion was the statistical measurement and reduction of variations in industrial processes, he had much to say about how employees should be treated. Regarding the human side of quality improvement, Deming called for the following:

- Formal training in statistical process control techniques and teamwork.
- Helpful leadership, rather than order giving and punishment.
- Elimination of fear so employees will feel free to ask questions.
- Emphasis on continuous process improvements rather than on numerical quotas.
- Teamwork.
- Elimination of barriers to good workmanship.[30]

One of Deming's most enduring lessons for managers is his 85–15 rule.[31] Specifically, when things go wrong, there is roughly an 85% chance the *system* (including management, machinery, and rules) is at fault. Only about 15% of the time is the individual employee at fault. Unfortunately, as Deming observed, the typical manager spends most of his or her time wrongly blaming and punishing individuals for system failures. Statistical analysis is required to uncover system failures.

total quality management An organizational culture dedicated to training, continuous improvement, and customer satisfaction.

LO.2 **Principles of TQM** Despite variations in the language and scope of TQM programs, it is possible to identify four common TQM principles:

1. Do it right the first time to eliminate costly rework and product recalls.
2. Listen to and learn from customers and employees.
3. Make continuous improvement an everyday matter.
4. Build teamwork, trust, and mutual respect.[32]

Deming's influence is clearly evident in this list. Once again, as with the human relations movement, we see *people* as the key factor in organizational success.

In summary, TQM advocates have made a valuable contribution to the field of OB by providing a *practical* context for managing people. The case for TQM is strong because, as discovered in two comprehensive studies, *it works*.[33] When people are managed according to TQM principles, more of us are likely to get the employment opportunities and high-quality goods and services we demand. Organizations that lose sight of the TQM principle of continuous improvement do so at their own peril. When Chrysler's once-popular PT Cruiser went out of production in 2010, one observer noted, "It's a car that, initially, people loved. But the company then tried to squeeze as much profit as it could out of the car, refusing to properly redesign it and eventually fitting it with cheaper radios and interior materials to save a few pennies."[34]

As you will see many times in later chapters, this book is anchored to Deming's philosophy and TQM principles—especially the idea of continuous improvement.

Back to the Chapter-Opening Case

What TQM principles are embedded in Zappos.com's values and culture?

LO.3 The Internet and Social Media Revolution

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge on The Net Generation.

In the early 1990s, when Internet start-ups were the rage, advocates said the Internet would change everything. Then came the tech crash of 2001 and the Internet promise was ridiculed as pure hype. But after some adolescent growing pains, *the now-mobile Internet has in fact changed everything*. Raw numbers are impressive: Internet users worldwide grew from 361 million in 2001 to nearly 2 billion by 2010.[35] What was once *e-commerce* (buying and selling goods and services over the Internet) has evolved into **e-business,** using the Internet to facilitate *every* aspect of running a business, including the management of virtual teams.[36] Said one industry observer: "Strip away the highfalutin talk, and at bottom, the Internet is a tool that dramatically lowers the cost of communication. That means it can radically alter any industry or activity that depends heavily on the flow of information."[37]

Another important shift in the Internet—enabled by social media innovations such as Facebook, LinkedIn, and Twitter—is the growing importance of *user-generated* content. Passive consumers of mass content (e.g., watching TV and movies and reading print media) have become creators and distributors of individualized content who blog, Facebook, and tweet whatever they like to whomever they like whenever they like.[38] This is hugely empowering for the individual consumer, employee, citizen, student, etc.

Example. [Social media entrepreneur] Amit Kapur envisions a Web that's more about him. When he visits a news site, the headlines will be heavy on technology,

real WORLD // real PEOPLE: ethics

Is Your Robot Watching Me?

In a 2007 issue of *Scientific American*, [Microsoft co-founder] Bill Gates predicted that the future would bring a "robot in every home." In the foreseeable future, though, it may be a robot in every cubicle—or at least every third cubicle.

Industrial and technological companies across the globe are already hard at work trying to make this a reality. The QB, a "remote presence robot" created by Anybots, based in Mountain View, California, is basically a videoconferencing system on wheels. The QB, which looks a little like Wall-E, is controlled remotely through a Web browser and keyboard, allowing managers to virtually visit satellite branches from the comfort of their offices. The $15,000 QB was unveiled in May, and according to Anybots' founder, Trevor Blackwell, sales are in the hundreds. "Everyone already has videoconferencing," says Blackwell. "Yet planes are still full of people traveling for business."

Where should managers draw the line between proper managerial oversight of remote workers and invading their privacy with electronic monitoring technology?

SOURCE: Excerpted from E Spitznagel, "The Robot Revolution Is Coming," *Bloomberg Businessweek*, January 17–23, 2011, p 70.

his passion; when we opens Yelp on his iPhone, the restaurant review app will already know about his upcoming trip to San Francisco and recommend restaurants there. "I imagine this future where everywhere you go online or any application you open on your mobile device is in some way personalized to you and your interests," says Kapur, 29.[39]

New technologies such as smart phones, cloud computing, and augmented reality are important change drivers.[40] But relative to OB, we need to focus on how the evolving Internet has changed the *behavior* of those who have grown up with the Internet and take Google, Facebook, YouTube, and tweeting for granted. Don Tapscott, author of the intriguing book *Grown Up Digital: How the Net Generation Is Changing the World*, says the 81 million Americans born between January 1977 and December 1997 have a unique worldview shaped by the Internet:

Example. These are the eight norms of the Net Generation. They value freedom—freedom to be who they are, freedom of choice. They want to customize everything, even their jobs. They learn to be skeptical, to scrutinize what they see and read in the media, including the Internet. They value integrity—being honest, considerate, transparent, and abiding by their commitment. They're great collaborators, with friends online and at work. They thrive on speed. They love to innovate.

. . . [I]f you understand these norms, you can change your company, school or university, government, or family for the twenty-first century.[41]

(Tapscott's ideas about the Net Generation are expanded upon in Chapter 14.) In short, organizations and organizational life will never be the same because of the virtual world of the Internet[42] (see Real World/Real People).

e-business Running the *entire* business via the Internet and managing virtual teams.

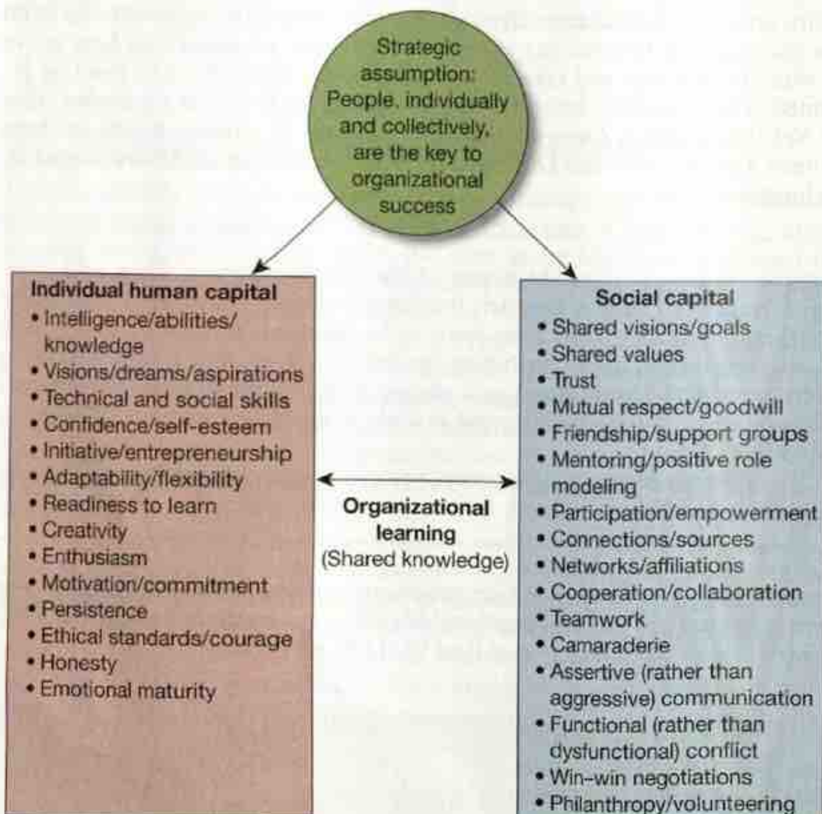
Managers are challenged to effectively communicate with, supervise, and lead widely dispersed individuals and teams linked via modern telecommunications and Internet technology. The creation and management of virtual teams is covered in detail in Chapter 11 and virtual organizations are explored in Chapter 17.

LO.4 The Need to Build Human and Social Capital

Knowledge workers, those who add value by using their brains rather than the sweat off their backs, are more important than ever in today's global economy. What you know and who you know increasingly are the keys to both personal and organizational success (see Figure 1–2). In the United States, the following "perfect storm" of current and emerging trends heightens the importance and urgency of building human capital:

- Spread of advanced technology to developing countries with rapidly growing middle classes (e.g., China, India, Russia, and Brazil).
- Offshoring of increasingly sophisticated jobs (e.g., product design, architecture, medical diagnosis).
- Comparatively poor math and science skills among America's youth.
- Massive brain drain caused by retiring post–World War II baby-boom generation.[43]

figure 1–2 The Strategic Importance and Dimensions of Human and Social Capital



7. *Difficulty in balancing career and family issues.* Women still assume the majority of the responsibilities associated with raising children. This makes it harder for women to work evenings and weekends or to frequently travel once they have children. Even without children in the picture, household chores take more of a woman's time than a man's time.
8. *Fears of reverse discrimination.* Some employees believe that managing diversity is a smoke screen for reverse discrimination. This belief leads to very strong resistance because people feel that one person's gain is another's loss.
9. *Diversity is not seen as an organizational priority.* This leads to subtle resistance that shows up in the form of complaints and negative attitudes. Employees may complain about the time, energy, and resources devoted to diversity that could have been spent doing "real work."
10. *The need to revamp the organization's performance appraisal and reward system.* Performance appraisals and reward systems must reinforce the need to effectively manage diversity. This means that success will be based on a new set of criteria. For example, General Electric evaluates the extent to which its managers are inclusive of employees with different backgrounds. These evaluations are used in salary and promotion decisions.[76]
11. *Resistance to change.* Effectively managing diversity entails significant organizational and personal change. As discussed in Chapter 18, people resist change for many different reasons.

This photo highlights a diverse workforce at GE. The company is proud of its approach toward managing diversity.

In summary, managing diversity is a critical component of organizational success.

Back to the Chapter-Opening Case

Which barriers and challenges to managing diversity played a role in what happened to Michelle Barfield?

TO THE POINT

Why is fostering mutual adaptation the best action option for managing diversity?

LO.8 Organizational Practices Used to Effectively Manage Diversity

So what are organizations doing to effectively manage diversity? Answering this question requires that we provide a framework for categorizing organizational initiatives. Researchers and practitioners have developed relevant frameworks. One was developed by R Roosevelt Thomas Jr, a diversity expert. He identified eight generic action options that can be used to address any type of diversity issue. This section reviews Thomas's framework in order to provide you with a broad understanding about how organizations are effectively managing diversity.

R Roosevelt Thomas Jr's Generic Action Options

Thomas identified eight basic responses for handling any diversity issue. After describing each action option, we discuss relationships among them.[77]

Option 1: Include/Exclude This choice is an outgrowth of affirmative action programs. Its primary goal is to either increase or decrease the number of diverse people at all levels of the organizations. Shoney's restaurant represents a good example of a company that attempted to include diverse employees after settling a discrimination lawsuit. The company subsequently hired African Americans into positions of dining-room supervisors and vice presidents, added more franchises owned by African Americans, and purchased more goods and services from minority-owned companies.[78]

Option 2: Deny People using this option deny that differences exist. Denial may manifest itself in proclamations that all decisions are color, gender, and age blind and that success is solely determined by merit and performance. Consider State Farm Insurance, for example. "Although it was traditional for male agents and their regional managers to hire male relatives, State Farm Insurance avoided change and denied any alleged effects in a nine-year gender-bias suit that the company lost."[79]

Option 3: Assimilate The basic premise behind this alternative is that all diverse people will learn to fit in or become like the dominant group. It only takes time and reinforcement for people to see the light. Organizations initially assimilate employees through their recruitment practices and the use of company orientation programs. New hires generally are put through orientation programs that aim to provide employees with the organization's preferred values and a set of standard operating procedures. Employees then are encouraged to refer to the policies and procedures manual when they are confused about what to do in a specific situation. These practices create homogeneity among employees.

Option 4: Suppress Differences are squelched or discouraged when using this approach. This can be done by telling or reinforcing others to quit whining and complaining about issues. The old "you've got to pay your dues" line is another frequently used way to promote the status quo.

Option 5: Isolate This option maintains the current way of doing things by setting the diverse person off to the side. In this way the individual is unable to influence organizational change. Managers can isolate people by putting them on special projects. Entire work groups or departments are isolated by creating functionally independent entities, frequently referred to as "silos." Shoney's employees commented to a *Wall Street Journal* reporter about isolation practices formerly used by the company:

Example. White managers told of how Mr. Danner [previous chairman of the company] told them to fire blacks if they became too numerous in restaurants in white neighborhoods; if they refused, they would lose their jobs, too. Some also said that when Mr. Danner was expected to visit their restaurant, they scheduled black employees off that day or, in one case, hid them in the bathroom. Others said blacks' applications were coded and discarded.[80]

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connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of Thomas's generic action options.

Option 6: Tolerate Toleration entails acknowledging differences but not valuing or accepting them. It represents a live-and-let-live approach that superficially allows organizations to give lip service to the issue of managing diversity. Toleration is different from isolation in that it allows for the inclusion of diverse people. However, differences are not really valued or accepted when an organization uses this option.

Option 7: Build Relationships This approach is based on the premise that good relationships can overcome differences. It addresses diversity by fostering quality relationships—characterized by acceptance and understanding—among

real WORLD // real PEOPLE

UnitedHealthcare Fosters Mutual Adaptation

Shortly after she'd [Lois Quam] had twins Will and Steve, Quam was offered another high-profile opportunity. Her boss wanted her to run UnitedHealthcare's public-sector services division. . . . "It was so overwhelming with twins. You can't pretend it doesn't make a difference. So I said, 'I'd really like to do this, but my primary focus for this period of my life is my sons.'" She remembers thinking, "This is going badly! It isn't strategic to be so blunt." But her boss surprised her. "He said, 'It's not a job that pays by the hour. You do it in a way that works for you, and if it doesn't work for me, I'll tell you.'"

Looking back, Quam describes her reaction as an "amazing gift" . . . because it affirmed her instincts about the best way to balance career and family.

How does this example illustrate mutual adaptation?

SOURCE: A Beard, "Surviving Twin Challenges—At Home and Work," *Harvard Business Review*, January–February 2011, p 164.

diverse groups. Rockwell Collins, a producer of aviation electronics in Cedar Rapids, Iowa, is a good example of a company attempting to use this diversity option. Rockwell is motivated to pursue this option because it has a shortage of qualified employees in a state that is about 6% nonwhite. To attract minority candidates the company "is building closer relationships with schools that have strong engineering programs as well as sizable minority populations. It also is working more closely with minority-focused professional societies."[81] The city of Cedar Rapids is also getting involved in the effort by trying to offer more cultural activities and ethnic-food stores that cater to a more diverse population base.

Option 8: Foster Mutual Adaptation In this option, people are willing to adapt or change their views for the sake of creating positive relationships with others. This implies that employees and management alike must be willing to accept differences and, most important, agree that everyone and everything is open for change. Lois Quam's experience at UnitedHealthcare is a good example of mutual adaptation (see Real World/Real People above).

Conclusions about Action Options Although the action options can be used alone or in combination, some are clearly better than others. Exclusion, denial, assimilation, suppression, isolation, and toleration are among the least preferred options. Inclusion, building relationships, and mutual adaptation are the preferred strategies. That said, Thomas reminds us that mutual adaptation is the only approach that unquestionably endorses the philosophy behind managing diversity. In closing this discussion, it is important to note that choosing how to best manage diversity is a dynamic process that is determined by the context at hand. For instance, some organizations are not ready for mutual adaptation. The best one might hope for in this case is the inclusion of diverse people.

Summary of Key Concepts

1. *Define diversity and review the four layers of diversity.* Diversity represents the individual differences that make people different from and similar to each other. Diversity pertains to everybody. It is not simply an issue of age, race, gender, or sexual orientation. The layers of diversity define an individual's personal identity and constitute a perceptual filter that influences how we interpret the world. Personality is at the center of the diversity wheel. The second layer of diversity consists of a set of internal dimensions that are referred to as surface-level dimensions of diversity. The third layer is composed of external influences and is called secondary dimensions of diversity. The final layer of diversity includes organizational dimensions.

The chapter-opening vignette highlights three key conclusions about organizational culture. First, an organization's culture can impact employee motivation, satisfaction, and turnover. Southwest is able to maintain low employee turnover and high job satisfaction by creating a positive, employee-focused culture. The same can be said about the top five companies to work for in America in 2009 according to *Fortune*—SAS, Edward Jones, Wegman Food Markets, Google, and Nugget Market.[2] Second, organizational culture can be a source of competitive advantage. A recent study of 194 retail and service stores confirmed this conclusion. As is true for Southwest Airlines, results showed that market performance was higher for firms with cultures that showed a joint concern for employees and customers.[3] Finally, managers can influence organizational culture. Southwest uses its culture committee as a vehicle to shape and reinforce the values desired by senior management.

This chapter will help you better understand how managers can use organizational culture as a competitive advantage. After defining and discussing the context of organizational culture, we examine (1) the dynamics of organizational culture, (2) the process of culture change, (3) the organization socialization process, and (4) the embedding of organizational culture through mentoring.

TO THE POINT

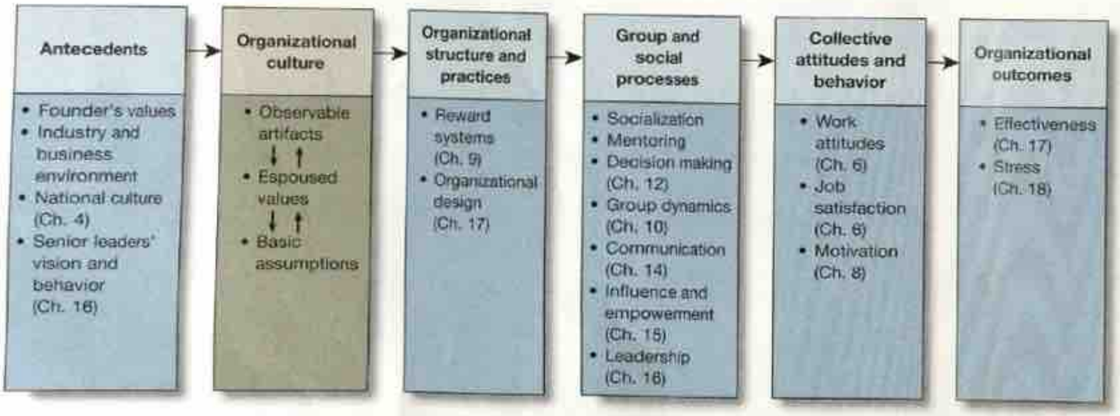
How does organizational culture influence organizational outcomes?

LO.1 Organizational Culture: Definition and Context

Organizational culture is "the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments."[4] This definition highlights three important characteristics of organizational culture. First, organizational culture is passed on to new employees through the process of socialization, a topic discussed later in this chapter. Second, organizational culture influences our behavior at work. Finally, organizational culture operates at different levels.

Figure 3–1 provides a conceptual framework for reviewing the widespread impact organizational culture has on organizational behavior. It also shows the linkage between this chapter—culture, socialization, and mentoring—and other key topics in this book. Figure 3–1 reveals organizational culture is shaped by four key components: the founder's values, the industry and business environment, the national culture, and the senior leaders' vision and behavior. The impact of

figure 3–1 A Conceptual Framework for Understanding Organizational Culture



SOURCE: From C Ostroff, A Kinicki, and M Tamkins, "Organizational Culture and Climate," *Handbook of Psychology*, vol 12, edited by Walter C Borman, Daniel R Ilgen, Richard J Klimoski, and Irving B Weiner, pp 565–93, Copyright © 2003. Reprinted with permission of John Wiley & Sons.

national culture on organizational behavior is discussed in detail in Chapter 4. In turn, organizational culture influences the type of organizational structure adopted by a company and a host of practices, policies, and procedures implemented in pursuit of organizational goals. These organizational characteristics then affect a variety of group and social processes. This sequence ultimately affects employees' attitudes and behavior and a variety of organizational outcomes. All told, Figure 3–1 reveals that organizational culture is a contextual variable influencing individual, group, and organizational behavior. This is why we are discussing organizational culture as the third chapter in your textbook.

Dynamics of Organizational Culture

To gain a better understanding of how organizational culture is formed and used by employees, this section begins by discussing the layers of organizational culture. We then review the four functions of organizational culture, types of organizational culture, and outcomes associated with organizational culture.

TO THE POINT

What are the key conclusions regarding layers of culture, functions of culture, types of culture, and outcomes associated with organizational culture?

Layers of Organizational Culture

Figure 3–1 shows the three fundamental layers of organizational culture: observable artifacts, espoused values, and basic assumptions. Each level varies in terms of outward visibility and resistance to change, and each level influences another level.

Observable Artifacts At the more visible level, culture represents observable artifacts. Artifacts consist of the physical manifestation of an organization's culture. Organizational examples include acronyms, manner of dress, awards, myths and stories told about the organization, published lists of values, observable rituals and ceremonies, special parking spaces, decorations, and so on. For example, the Ritz-Carlton hotel uses storytelling to reinforce a culture that is focused on exceeding customers' expectations. The company shares "wow stories" at meetings each week that relay guests' tales of staff members going above and beyond the call of duty. Each "wow" winner, such as a laundry attendant who dove into a dumpster to retrieve one young guest's stuffed gingerbread man, gets \$100.[5] This level also includes visible behaviors exhibited by people and groups. At Google, for example, the core design team of 16 employees have daily "stand-up" meetings. "Everyone working on the project gathers standing up, to make sure no one gets too comfortable and no time is wasted during the rapid-fire update."[6] These stand-up meetings are an artifact of Google's desire to work hard and get things done in a timely manner. Artifacts are easier to change than the less visible aspects of organizational culture.

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the conceptual framework.

LO.2 Espoused Values Values possess five key components. "**Values** (1) are concepts or beliefs, (2) pertain to desirable end-states or behaviors, (3) transcend situations, (4) guide selection or evaluation of behavior and events, and (5) are ordered by relative importance."[7] It is important to distinguish between values that are espoused versus those that are enacted.

Espoused values represent the explicitly stated values and norms that are preferred by an organization. They are generally established by the founder of a new or small company and by the top management team in a larger organization.

organizational culture Shared values and beliefs that underlie a company's identity.

values Enduring belief in a mode of conduct or end-state.

espoused values The stated values and norms that are preferred by an organization.

real WORLD // real PEOPLE: ethics

Williams-Sonoma's Espoused Values Focus on Employees, Customers, Shareholders, and Ethical Behavior

People First We believe the potential of our company has no limit and is driven by our associates and their imagination. We are committed to an environment that attracts, motivates and recognizes high performance.

Customers We are here to please our customers—without them nothing else matters.

Quality We must take pride in everything we do. From our people, to our products and in our relationships with business partners and our community, quality is our signature.

Shareholders We must provide a superior return to our shareholders. It's everyone's job.

Ethical Sourcing Williams-Sonoma, Inc., and all of its brands are committed to maintaining the highest level of integrity and honesty throughout all aspects of our business. We work to ensure that our business associates, including agents, vendors and suppliers, share our commitment to socially responsible employment conditions.

Wood Product Sourcing Williams-Sonoma, Inc., is committed to environmental stewardship, and more specifically, to responsible wood sourcing to protect and conserve this vital natural resource integral to the health of the environment and the communities from which we source.

Paper Procurement Policy Equally important to Williams-Sonoma, Inc.'s commitment to responsible wood sourcing, is our commitment to sound paper procurement practices that also ensure the sustainability of forests and other natural resources.

To what extent are these values consistent with your own values? Would you like to work at Williams-Sonoma?

SOURCE: Excerpted from "Corporate Values," www.williams-sonomainc.com/careers/corporate-values.html, accessed January 2, 2011.

Consider, for example, the espoused values of Williams-Sonoma (see Real World/Real People above). This specialty retailer of home furnishings was founded in 1956 and has experienced substantial growth since its inception.

On a positive note, Williams-Sonoma and many more companies are espousing the value of sustainability. **Sustainability** represents "a company's ability to make a profit without sacrificing the resources of its people, the community, and the planet."[8] Sustainability also is referred to as "being green," and Pulitzer Prize winner Thomas Friedman believes that "outgreening" other nations can renew America and defeat al-Qaeda.[9] Others believe that outgreening can produce a competitive advantage for organizations. For example, insurer Safeco and Microsoft have significantly cut costs and increased productivity by implementing employer-subsidized transportation that reinforces the idea that people be encouraged not to drive to work.

The Deepwater Horizon spill was one of the worst environmental disasters in U.S. history. This worker is using a vacuum hose to collect oil that washed on shore in the Gulf of Mexico. The oil spill damaged marine and wildlife habitats and cost billions to cleanup.

Because espoused values represent aspirations that are explicitly communicated to employees, managers hope that those values will directly influence employee behavior. Unfortunately, aspirations do not automatically produce the desired behaviors because people do not always "walk the talk." BP, for instance, has long claimed that it values safety, yet the company had a refinery fire in Texas City, Texas, that killed 15 people in 2005, a 2006 pipeline leak in Alaska that lost over 200,000 gallons of crude, and the 2010 Deepwater Horizon spill in the Gulf lost more than 200 million gallons according to the U.S. government.[10]

Enacted values, on the other hand, represent the values and norms that actually are exhibited or converted into employee behavior. They represent the values that employees ascribe to an organization based on their observations of what occurs on a daily basis. For example, Starbucks CEO, Howard Schultz, is trying hard to enact the company value of providing quality products and great service in response to the financial problems faced by the company in 2009. He told an interviewer in 2010 that "I shut our stores for three and a half hours of retraining. People said, 'How much is that going to cost?' I had shareholders calling me and saying, 'Are you out of your mind?' I said, 'I'm doing the right thing. We are retraining our people because we have forgotten what we stand for, and that is the pursuit of an unequivocal, absolute commitment to quality.'"[11] Schultz is obviously hoping that these artifacts encourage employees to provide good service.

It is important for managers to reduce gaps between espoused and enacted values because they can significantly influence employee attitudes and organizational performance. For example, a survey administered by the Ethics Resource Center showed that employees were more likely to behave ethically when management behaved in a way that set a good ethical example and kept its promises and commitments. This finding is underscored by another recent study of 500,000 employees from more than 85 countries. Results revealed that companies experienced 10 times more misconduct when they had weak rather than strong ethical cultures.[12] Managers clearly need to walk the talk when it comes to behaving ethically.

Basic Assumptions Basic underlying assumptions are unobservable and represent the core of organizational culture. They constitute organizational values that have become so taken for granted over time that they become assumptions that guide organizational behavior. They thus are highly resistant to change. When basic assumptions are widely held among employees, people will find behavior based on an inconsistent value inconceivable. Southwest Airlines, for example, is noted for operating according to basic assumptions that value employees' welfare and providing high-quality service. Employees at Southwest Airlines would be shocked to see management act in ways that did not value employees' and customers' needs.

connect Go to www.mcgrawhillconnect.com for a self-assessment to learn what your preferred corporate culture type is.

Back to the Chapter-Opening Case

What observable artifacts, espoused values, and basic assumptions are displayed in the case?

What Are the Takeaways from Research on Levels of Culture? The key takeaway involves the consequences of what is called PE fit. **PE fit** is defined "as the compatibility between an individual and a work environment that occurs when their characteristics are well matched."[13] Results from a meta-analysis of over 170 studies and 40,000 workers demonstrated that people have higher job satisfaction and commitment to their organizations and lower intentions to quit when their personal characteristics (e.g., skills, abilities, and personalities) and values (e.g., integrity) match or fit the job requirements,

sustainability Meeting humanity's needs without harming future generations.

Enacted values The values and norms that are exhibited by employees.

PE Fit Extent to which personal characteristics match those from a work environment.

real WORLD // real PEOPLE

Lack of PE Fit Leads Apple Employee to Leave the Company

The Apple Inc. executive in charge of the iPhone has left the company following a string of stumbles with the device, and what people familiar with the situation said was a falling out with then Chief Executive Steve Jobs. . . .

Several people familiar with Mr. Papermaster's situation said his departure was driven by a broader cultural incompatibility with the company.

Mr. Papermaster had lost the confidence of Mr. Jobs months ago and hasn't been part of the decision-making process for some time, these people said. They added that Mr. Papermaster didn't appear to have the type of creative thinking expected at Apple and wasn't used to Apple's corporate culture, where even senior executives are expected to keep on top of the smallest details of their areas of responsibility and often have to handle many tasks directly, as opposed to delegating them.

What could Mr. Papermaster have done to increase his PE fit?

SOURCE: Excerpted from Y I Kane and I Sherr, "iPhone Executive Is Out at Apple," *The Wall Street Journal*, August 9, 2010, p B1.

organizational values, and the values of the workgroup.[14] These results highlight that PE fit is important for your future job and career satisfaction. As a case in point, Mark Papermaster, Apple's former senior vice president for mobile devices, left the company partly because of low PE fit (see Real World/Real People above).

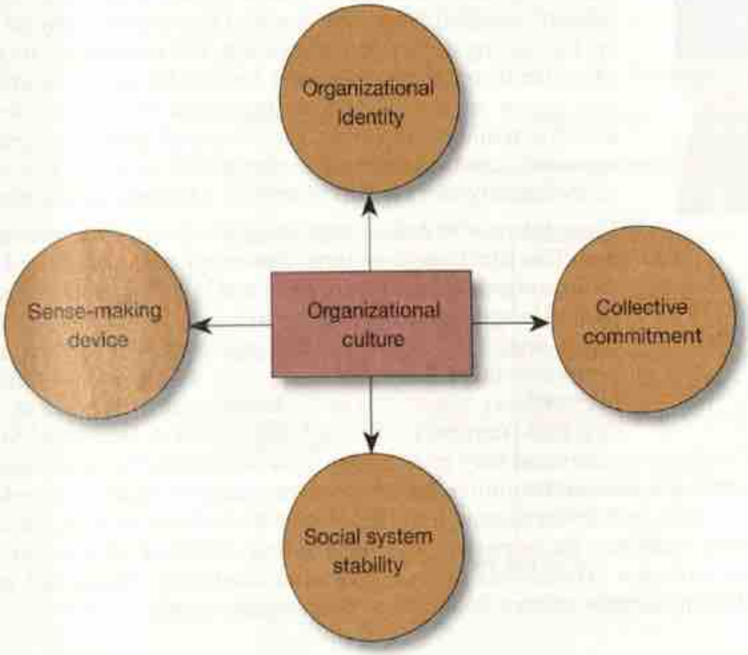
You may be wondering how to determine PE fit prior to accepting a job or promotion. It can be done, but it takes some work on your part. You first must conduct an evaluation of your strengths, weaknesses, and values. Next, do the same for the company or department at hand by doing research about the company on the Internet or talking with current employees. This information will now enable you to prepare a set of diagnostic questions to ask during the interview process. These questions need to focus on determining your level of fit. For example, if you value recognition for hard work, then ask a recruiter how the company rewards performance. If the answer does not support a strong link between performance and rewards, you probably will have a low PE fit and will not be happy working at this company.

Some companies understand the importance of PE fit and have designed methods within the recruiting process to encourage its accomplishment. Consider the selection process used by ReThink Rewards, a Toronto-based company, when hiring salespeople.

Example. The process includes group interviews, each with 10 candidates and two employees—a sales representative and a human resource representative. The interviewers then select 10 finalist candidates and ask each to review one of the company's case studies and give a 20-minute PowerPoint presentation to two other employees. The presentations are followed by 10-minute question-and-answer sessions. Finalists are interviewed by the hiring manager and HR representative, who use "Topgrading" methods—an approach that involves an extensive interview with each candidate about his or her experiences in high school, college and the workplace. . . . During the Topgrading interview, the candidate is asked 15 questions about each job he or she has held in the past 10 years, including opportunities, challenges, mistakes and accomplishments.[15]

LO.3 Four Functions of Organizational Culture

As illustrated in Figure 3–2, an organization's culture fulfills four functions. To help bring these four functions to life, let us consider how each of them has taken figure 3–2 Four Functions of Organizational Culture



SOURCE: Adapted from discussion in L. Smircich, "Concepts of Culture and Organizational Analysis," *Administrative Science Quarterly*, September 1983, pp 339–58. Reprinted with permission.

shape at Southwest Airlines. Southwest is a particularly instructive example because it has grown to become the largest carrier in the United States based on scheduled departures since its inception in 1971 and has achieved 38 consecutive years of profitability. *Fortune* has ranked Southwest in the top five of the Best Companies to Work For in America from 1997 to 2000; Southwest has chosen not to participate in this ranking process since 2000. Southwest also was ranked as one of the Top 50 Companies committed to corporate social responsibility in 2010.[16]

1. *Give members an organizational identity.* Southwest Airlines is known as a fun place to work that values employee satisfaction and customer loyalty over corporate profits. Gary Kelly, Southwest's CEO, highlighted this theme by noting that "our people are our single greatest strength and our most enduring long-term competitive advantage."[17]

   The company also has a catastrophe fund based on voluntary contributions for distribution to employees who are experiencing serious personal difficulties. Southwest's people-focused identity is reinforced by the fact that it is an employer of choice. For example, Southwest received 90,043 résumés and hired 831 new employees in 2009. The company also was rated as providing outstanding opportunities for women and Hispanics by *Professional Women* magazine and *Hispanic* magazine, respectively, and *Business Ethics* ranked Southwest among the 100 Best Corporate Citizens seven years in a row.

2. *Facilitate collective commitment.* The mission of Southwest Airlines "is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit."[18] Southwest's nearly 35,000 employees are committed to this mission. The Department of Transportation's Air Travel Consumer Report reported Southwest was ranked number one in fewest customer complaints since 1987.

connect Go to www.mcgrawhillconnect.com for a video case on the organizational culture at Pike Place Fish Market.

The smile on this Southwest Airlines employee demonstrates the four functions of culture. Southwest employees have high job satisfaction and low employee turnover, in part attributable to its philosophy of having fun and celebrating. Would you like to work at Southwest?

3. *Promote social system stability.* Social system stability reflects the extent to which the work environment is perceived as positive and reinforcing, and the extent to which conflict and change are effectively managed. Southwest is noted for its philosophy of having fun, having parties, and celebrating. For example, each city in which the firm operates is given a budget for parties. Southwest also uses a variety of performance-based awards and service awards to reinforce employees. The company's positive and enriching environment is supported by the lowest turnover rates in the airline industry and the employment of 1,164 married couples.
4. *Shape behavior by helping members make sense of their surroundings.* This function of culture helps employees understand why the organization does what it does and how it intends to accomplish its long-term goals. Keeping in mind that Southwest's leadership originally viewed ground transportation as their main competitor in 1971, employees come to understand why the airline's primary vision is to be the best primarily short-haul, low-fare, high-frequency, point-to-point carrier in the United States. Employees understand they must achieve exceptional performance, such as turning a plane in 20 minutes, because they must keep costs down in order to compete against Greyhound and the use of automobiles. In turn, the company reinforces the importance of outstanding customer service and high performance expectations by using performance-based awards and profit sharing. Employees own about 5% of the company stock.

LO.4 Types of Organizational Culture

Organizational behavior researchers have proposed three different frameworks to capture the various types of organizational culture: the organizational culture inventory, the competing values framework, and the organizational culture profile. This section discusses the competing values framework because it is the most widely used approach for classifying organizational culture. It also was named as one of the 40 most important frameworks in the study of organizations and has been shown to be a valid approach for classifying organizational culture.[19]

The **competing values framework (CVF)** provides a practical way for managers to understand, measure, and change organizational culture. It was originally developed by a team of researchers who were trying to classify different ways to assess organizational effectiveness. This research showed that measures of organizational effectiveness vary along two fundamental dimensions or axes. One axis pertains to whether an organization focuses its attention and efforts on internal dynamics and employees or outward toward its external environment and its customers and shareholders. The second is concerned with an organization's preference for flexibility and discretion or control and stability. Combining these two axes creates four types of organizational culture that are based on different core values and different sets of criteria for accessing organizational effectiveness. The CVF is shown in Figure 3–3.[20]

Figure 3–3 shows the strategic thrust associated with each cultural type along with the means used to accomplish this thrust and the resulting ends or goals pursued by each cultural type. Before beginning our exploration of the CVF, it is important to note that organizations can possess characteristics associated with each culture type. That said, however, organizations tend to have one type of culture that is more dominant than the others. Let us begin our discussion of culture types by starting in the upper-left-hand quadrant of the CVF.

Clan Culture

A **clan culture** has an internal focus and values flexibility rather than stability and control. It resembles a family-type organization in which

figure 3–3 Competing Values Framework

Flexibility and discretion

	Clan	**Adhocracy**	
	Thrust: Collaborate	**Thrust:** Create	
	Means: Cohesion, participation, communication, empowerment	**Means:** Adaptability, creativity, agility	
Internal focus and integration	**Ends:** Morale, people development, commitment	**Ends:** Innovation, growth, cutting-edge output	**External focus and differentiation**
	Hierarchy	**Market**	
	Thrust: Control	**Thrust:** Compete	
	Means: Capable processes, consistency, process control, measurement	**Means:** Customer focus, productivity, enhancing competitiveness	
	Ends: Efficiency, timeliness, smooth functioning	**Ends:** Market share, profitability, goal achievement	

Stability and control

SOURCE: Adapted from K S Cameron, R E Quinn, J Degraff, and A V Thakor, *Competing Values Leadership* (Northampton, MA: Edward Elgar, 2006), p 32.

effectiveness is achieved by encouraging collaboration between employees. This type of culture is very "employee-focused" and strives to instill cohesion through consensus and job satisfaction and commitment through employee involvement.

Clan organizations devote considerable resources to hiring and developing their employees, and they view customers as partners.

A company with a strong clan culture is Decagon Devices in Pullman, Washington. The company may be small, but senior management tries to maintain a family atmosphere at work. The company's CEO, Tamsin Jolley, noted that "the way that we like to see it is that as we add employees we're just adding members to the family." This feeling starts with a profit-sharing program that distributes 20% of pretax profits to employees on a quarterly basis.

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the competing values framework.

Example. Then there are day-to-day activities that bring workers closer together. Each Wednesday, some employees take turns bringing home-cooked meals to work for their colleagues. Then, all the workers eat lunch together. The weekly meal is an opportunity for managers to share news about the company, introduce new employees, and teach workers how to read the company's financial statements. The company also encourages employees to socialize at work. The office has a ping-pong table and slot-car track, and there's a long tradition of employees playing soccer on their breaks.[21]

Decagon Devices also provides generous employee health benefits and hosts annual catered family picnics and holiday parties.

competing values framework (CVF) A framework for categorizing organizational culture.

clan culture A culture that has an internal focus and values flexibility rather than stability and control.

SAS, rated as the number one best company to work for in America in 2009 by *Fortune*, as well as Zappos and Discount Tire represent other good examples of successful companies with clan cultures.[22] Zappos, for example, encourages managers to spend up to 20% of their spare time engaging in teambuilding outside of work.[23]

Adhocracy Culture An **adhocracy culture** has an external focus and values flexibility. This type of culture fosters the creation of innovative products and services by being adaptable, creative, and fast to respond to changes in the marketplace. Adhocracy cultures do not rely on the type of centralized power and authority relationships that are part of market and hierarchical cultures. They empower and encourage employees to take risks, think outside the box, and experiment with new ways of getting things done. This type of culture is well suited for start-up companies, those in industries undergoing constant change, and those in mature industries that are in need of innovation to enhance growth. Consider how these cultural characteristics are reinforced at the biopharmaceutical firm AstraZeneca. "AstraZeneca is experimenting with new ways to organize research to improve productivity. Scientists now are responsible for candidate drugs until they begin the final human trials, ending a culture of handing off early-stage products to other researchers as if on an assembly line."[24] India-based Tata group, with over 90 operating companies in more than 80 countries is another company with an adhocracy culture. "Known for its ultracheap minicar, the Nano, Tata takes innovation so seriously that it's developed an 'Innometer.' The conglomerate measures creative goals and accomplishments vs. domestic or global benchmarks while instilling a 'sense of urgency' among employees."[25] Tata was ranked as the 17th most innovative firm in the world in 2010 by *Bloomberg Businessweek*. W. L. Gore, Intel, and Google are other companies that possess cultural characteristics consistent with an adhocracy.

Market Culture A **market culture** has a strong external focus and values stability and control. Organizations with this culture are driven by competition and a strong desire to deliver results and accomplish goals. Because this type of culture is focused on the external environment, customers and profits take precedence over employee development and satisfaction. The major goal of managers is to drive toward productivity, profits, and customer satisfaction. Consider Richard Branson's new Virgin America airline. Branson believes that "American carriers are all very much the same, and the people who run them do not think of the customers at all." "It's become a bus service." To meet customer needs, Branson's new airline uses Airbus A319 and A320 jets that are roomier, contain in-flight entertainment at every seat, Wi-Fi Internet access, and special lighting that displays 12 shades of pink, purple, and blue.[26] Time will tell whether this market culture will lead to sustainable profits.

Employees in market cultures also are expected to react fast, work hard, and deliver quality work on time. Organizations with this culture tend to reward people who deliver results. Byung Mo Ahn, president of Kia Motors, is a good example of a leader who desires to promote a market culture. He fired two senior executives from Kia Motors America in February 2008 because they were not meeting their expected sales goals. Employees from North America note that Mr. Ahn has created a very aggressive and competitive work environment. Some describe the environment as militaristic.[27]

Hierarchy Culture Control is the driving force within a hierarchy culture. The **hierarchy culture** has an internal focus, which produces a more formalized and structured work environment, and values stability and control over flexibility. This orientation leads to the development of reliable internal processes, extensive measurement, and the implementation of a variety of control mechanisms. Effectiveness in a company with this type of culture is likely to be assessed with measures of efficiency, timeliness, quality, safety, and reliability of producing and delivering products and services. Johnson & Johnson (J&J) is a good example of why some organizations desire a hierarchical culture. J&J had serious manufacturing problems in 2010 that led to recalls of children's Tylenol and other over-the-counter drugs. "A Food and Drug Administration inspection report, dated April 30, cites incidents of mishandling of materials, lax documentation and inadequate investigation of consumer complaints." The company estimates a loss of $600 million in 2010 and a hit to its reputation. To correct the problem, the company created "a company-wide quality team and is upgrading plants," improving plants, and training employees.[28] Time will tell if a focus on creating a hierarchical culture in its manufacturing operations will correct J&J's problems.

Back to the Chapter-Opening Case

How would you categorize Southwest Airline's Culture based on the competing values framework?

Cultural Types Represent Competing Values It is important to note that certain cultural types reflect opposing core values. These contradicting cultures are found along the two diagonals in Figure 3–3. For example, the clan culture—upper-left quadrant—is represented by values that emphasize an internal focus and flexibility, whereas the market culture—bottom-right quadrant—has an external focus and concern for stability and control. You can see the same conflict between an adhocracy culture that values flexibility and an external focus and a hierarchy culture that endorses stability and control along with an internal focus. Why are these contradictions important?

They are important because an organization's success may depend on its ability to possess core values that are associated with competing cultural types. While this is difficult to pull off, it can be done. 3M is a good example. The company is trying to merge competing cultural characteristics from an adhocracy with those from a hierarchy. Reflecting an adhocracy culture, 3M released 1,000 new products in 2009, and it "awards annual Genesis Grants, worth as much as $100,000, to company scientists for research. The money is allocated by their peers and is spent on projects for which 'no sensible, conventional person in the company would give money,' " says Chris Holmes, a 3M division vice president. The company has a goal to generate 30% of its revenue from products developed in the last five years. In contrast, 3M pursued a hierarchical culture by implementing quality management techniques to reduce waste and defects and increase efficiency. Although 3M achieved better efficiency and earnings in the short run, new product revenue decreased and scientists complained that the quality initiatives were choking off innovation. One engineer quipped that "it's really tough to schedule invention." 3M's CEO, George Buckley, was made aware of these cultural conflicts and decided to reduce the conflict within company labs by decreasing hierarchical policies/procedures

3M is one of the most innovative firms in the world. Even during the recent recession, the company released over 1,000 new products in one year.

adhocracy culture A culture that has an external focus and values flexibility.

market culture A culture that has a strong external focus and values stability and control.

hierarchy culture A culture that has an internal focus and values stability and control over flexibility.

while simultaneously increasing those related to adhocracy. The company continues to emphasize quality and reliability in its factories. To date, results indicate a successful transition as the company achieved both its efficiency and new product revenue goals in 2010.[29]

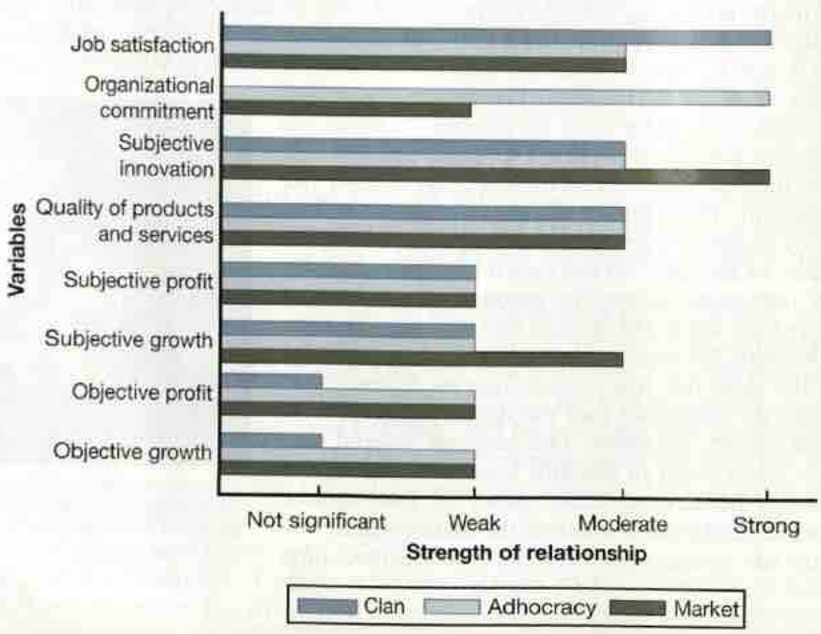
LO.5 Outcomes Associated with Organizational Culture

Both managers and academic researchers believe that organizational culture can be a driver of employee attitudes, performance, and organizational effectiveness. To test this possibility, various measures of organizational culture have been correlated with a variety of individual and organizational outcomes. So what have we learned? A team of researchers recently conducted a meta-analysis to answer this question. Their results were based on 93 studies involving over 1,100 companies. Figure 3-4 summarizes results from this study.[30]

Figure 3-4 shows the strength of relationships between eight different organizational outcomes and the culture types of clan, adhocracy, and market: Hierarchy was not included due to a lack of research on this type. Results reveal that the eight types of organizational outcomes had significant and positive relationships with clan, adhocracy, and market cultures. The majority of these relationships were of moderate strength, indicating that they are important to today's managers. Closer examination of Figure 3-4 leads to the following five conclusions:

1. Organizational culture is clearly related to measures of organizational effectiveness. This reinforces the conclusion that an organization's culture can be a source of competitive advantage.
2. Employees are more satisfied and committed to organizations with clan cultures. These results suggest that employees prefer to work in organizations

figure 3-4 Correlates of Organizational Culture



SOURCE: Data for this Figure were obtained from C A Hartnell, A Y Ou, and A J Kinicki, "Organizational Culture and Organizational Effectiveness: A Meta-Analytic Investigation of the Competing Values Framework's Theoretical Suppositions," Journal of Applied Psychology, July 2011, pp 677-694.

that value flexibility over stability and control and those that are more concerned with satisfying employees' needs than customer or shareholder desires.

3. Innovation and quality can be increased by building characteristics associated with clan, adhocracy, and market cultures into the organization.
4. An organization's financial performance (i.e., growth in profit and growth in revenue) is not very strongly related to organizational culture. Managers should not expect to increase financial performance by trying to change their organization's culture.
5. Companies with market cultures tend to have more positive organizational outcomes. Managers are encouraged to consider how they might make their cultures more market oriented.

Researchers also have investigated the importance of organizational culture within the context of a merger. These studies indicate that mergers frequently failed due to incompatible cultures. Owing to the increasing number of corporate mergers around the world, and the conclusion that 7 out of 10 mergers and acquisitions failed to meet their financial promise, managers within merged companies would be well advised to consider the role of organizational culture in creating a new organization.[31]

In summary, research underscores the significance of organizational culture. It also reinforces the need to learn more about the process of cultivating and changing an organization's culture. An organization's culture is not determined by fate. It is formed and shaped by the combination and integration of everyone who works in the organization. A change-resistant culture, for instance, can undermine the effectiveness of any type of organizational change. Although it is not an easy task to change an organization's culture, the next section provides a preliminary overview of how to create cultural change.

LO.6 The Process of Culture Change

TO THE POINT

What are the specific methods or techniques managers can use to change an organization's culture?

Before describing the specific ways in which managers can change organizational culture, let us review four caveats about culture change. First, we agree with the notion that leaders are the architects and developers of organizational culture, and managing organizational culture is one of the most important functions of leadership.[32] Second, the process of culture change essentially begins with targeting one of the three layers of organizational culture previously discussed—observable artifacts, espoused values, and basic assumptions. That said, culture will not change in a significant way unless managers are able to change basic underlying assumptions.[33] Third, it is important to consider the extent to which the current culture is aligned with the organization's vision and strategic plan before attempting to change any aspect of organizational culture. A **vision** represents a long-term goal that describes "what" an organization wants to become. For example, Walt Disney's original vision for Disneyland included the following components:

Example. Disneyland will be something of a fair, an exhibition, a playground, a community center, a museum of living facts, and a showplace of beauty and magic. It will be filled with the accomplishments, the joys and hopes of the world we live in. And it will remind and show us how to make those wonders part of our lives.[34]

vision Long-term goal describing "what" an organization wants to become.

The Organizational Socialization Process

Organizational socialization is defined as "the process by which a person learns the values, norms, and required behaviors which permit him to participate as a member of the organization."[47] As previously discussed, organizational socialization is a key mechanism used by organizations to embed their organizational cultures. In short, organizational socialization turns outsiders into fully functioning insiders by promoting and reinforcing the organization's core values and beliefs. This section introduces a three-phase model of organizational socialization and examines the practical application of socialization research.

TO THE POINT

How can the practical lessons of socialization research be integrated within the three phases of socialization?

LO.8 A Three-Phase Model of Organizational Socialization

One's first year in a complex organization can be confusing. There is a constant swirl of new faces, strange jargon, conflicting expectations, and apparently unrelated events. Some organizations treat new members in a rather haphazard, sink-or-swim manner. More typically, though, the socialization process is characterized by a sequence of identifiable steps.

Organizational behavior researcher Daniel Feldman has proposed a three-phase model of organizational socialization that promotes deeper understanding of this important process. As illustrated in Figure 3–5, the three phases are (1) anticipatory socialization, (2) encounter, and (3) change and acquisition. Each phase has its associated perceptual and social processes. Feldman's model also specifies behavioral and affective outcomes that can be used to judge how well an individual has been socialized. The entire three-phase sequence may take from a few weeks to a year to complete, depending on individual differences and the complexity of the situation.

These onlookers gathered outside the Hyderabad offices of PriceWaterhouseCoopers as police officers worked inside the building. The company was responsible for auditing Satyam Computers, and the former chairman was imprisoned after admitting to a $1 billion fraud.

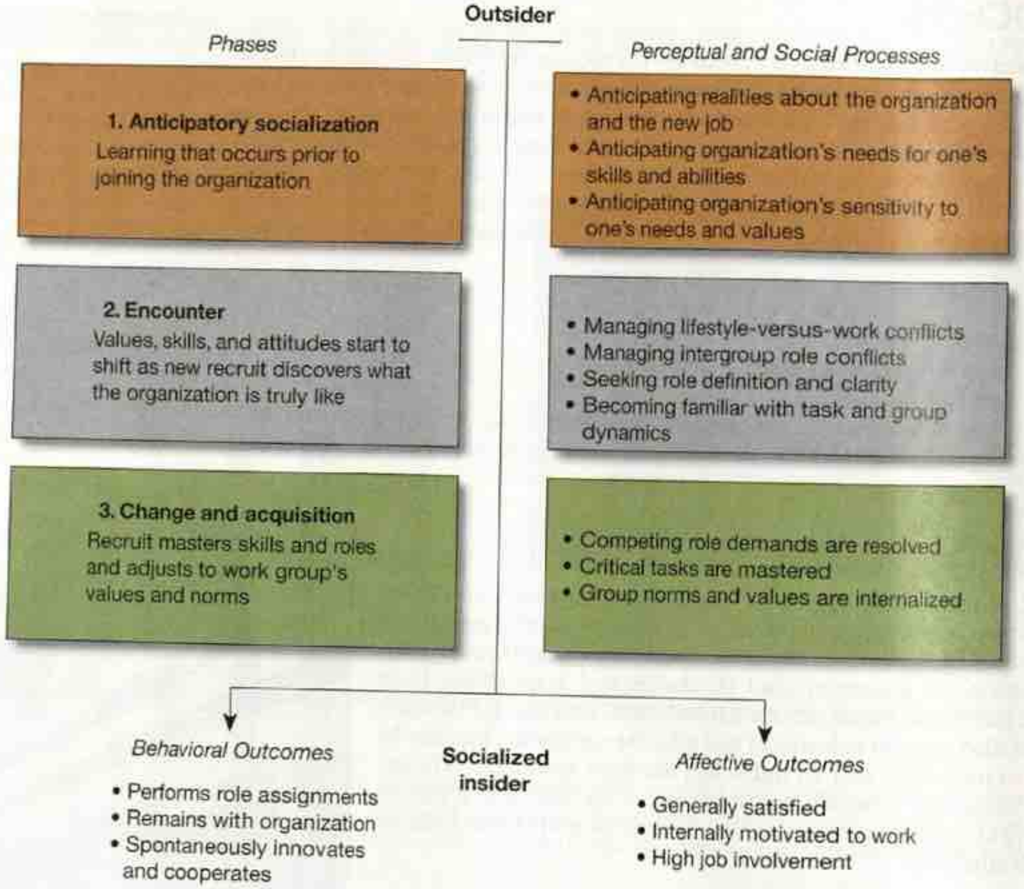
Phase 1: Anticipatory Socialization

The **anticipatory socialization phase** occurs before an individual actually joins an organization. It is represented by the information people have learned about different careers, occupations, professions, and organizations. Anticipatory socialization information comes from many sources. An organization's current employees are a powerful source of anticipatory socialization. So are the Internet and social media. For example, PricewaterhouseCoopers (PwC), the largest professional services firm in the world, uses several web-based sources to attract potential employees. "PwC's early identification strategy is supported by the pwc.tv Website, *Feed Your Future* magazine (downloadable through pwc.tv; it showcases the lives/careers of PwC professionals), and Leadership Adventure (face-to-face learning programs that emphasize the PwC Behaviors)."[48]

organizational socialization Process by which employees learn an organization's values, norms, and required behaviors.

anticipatory socialization phase Occurs before an individual joins an organization, and involves the information people learn about different careers, occupations, professions, and organizations.

figure 3–5 A Model of Organizational Socialization



SOURCE: Adapted from material in D C Feldman, "The Multiple Socialization of Organization Members," *Academy of Management Review*, April 1981, pp 309–18. Copyright © 1981 by The Academy of Management. Reproduced by permission of The Academy of Management via Copyright Clearance Center.

Unrealistic expectations about the nature of the work, pay, and promotions are often formulated during phase 1. Because employees with unrealistic expectations are more likely to quit their jobs in the future, organizations may want to use realistic job previews. A **realistic job preview** (RJP) involves giving recruits a realistic idea of what lies ahead by presenting both positive and negative aspects of the job. Whirlpool, for example, uses its career website to post candid comments from employees about what it is like to work at the company.[49] RJPs may be electronic, verbal, in booklet form, audiovisual, or hands on. Research supports the practical benefits of using RJPs. A meta-analysis of 40 studies revealed that RJPs were related to higher performance and to lower attrition from the recruitment process. Results also demonstrated that RJPs lowered job applicants' initial expectations and led to lower turnover among those applicants who were hired.[50]

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the organizational socialization process.

Phase 2: Encounter This second phase begins when the employment contract has been signed. During the **encounter phase** employees come to learn what the organization is really like. It is a time for reconciling unmet expectations and making sense of a new work environment. Many companies use a combination of orientation and training programs to socialize employees during the encounter phase. Onboarding is one such technique. **Onboarding** programs help employees to integrate, assimilate, and transition to new jobs by making them familiar with corporate policies, procedures, culture, and politics and by clarifying work-role expectations and responsibilities.[51] Automatic Data Processing's (ADP) onboarding program consists of a combination of online training, classroom training, meetings with employees, written materials containing guidelines on what to expect in the first 90 days, an assimilation guide, and social networking. The company believes that these efforts are helping it to turn newcomers into fully functioning employees.[52]

Phase 3: Change and Acquisition The **change and acquisition phase** requires employees to master important tasks and roles and to adjust to their work group's values and norms. This will only occur when employees have a clear understanding about their roles—role clarity is discussed in Chapter 10—and they are effectively integrated within the work unit. Being successful in phase 3 also necessitates that employees have a clear understanding regarding the use of social media. It is easy for you to create problems for yourself by not being aware of expectations regarding surfing, texting during meetings, and sending personal messages on company equipment. Experts suggest setting ground rules on the first day of employment, coaching employees on norms, and discussing how guidelines have changed over time.[53] Additionally, organizations such as Schlumberger, a large multinational oil company, use incentives and social gatherings to reinforce the new behaviors expected of employees.

Example. The company is gradually changing its old Soviet culture of blame. Luc Ollivier, a 50-year-old Frenchman, was installed as the boss of regional operations Siberian Geophysical. He's trying to reward performance and, more critical, systematically eliminate mistakes rather than simply punish the people who make them. Ollivier says the company's veteran drillers have immense experience, "but they don't like to teach the young people." So he is working to forge better ties through daylong get-togethers that conclude with a beer bash. Ollivier says the pace of work is up by more than 30% in the past two years., and Siberian Geophysical's drilling revenues reached about $250 million last year [2007], about double their level in 2006.[54]

Table 3–1 presents a list of socialization processes or tactics used by organizations to help employees through this adjustment process. Returning to Table 3–1, can you identify the socialization tactics used by Schlumberger?

Practical Application of Socialization Research

Past research suggests five practical guidelines for managing organizational socialization.

1. A recent survey showed that effective onboarding programs resulted in increased retention, productivity, and rates of task completion for new hires.[55] This reinforces the conclusion that managers should avoid a haphazard, sink-or-swim approach to organizational socialization because formalized socialization tactics positively affect new hires. Formalized or institutionalized socialization tactics were found to positively help employees in both domestic and international operations.[56]

realistic job preview Presents both positive and negative aspects of a job.

encounter phase Employees learn what the organization is really like and reconcile unmet expectations.

onboarding Programs aimed at helping employees integrate, assimilate, and transition to new jobs.

change and acquisition phase Requires employees to master tasks and roles and to adjust to work group values and norms.

LO.9 table 3–1 Socialization Tactics

TACTIC	DESCRIPTION
Collective vs. individual	Collective socialization consists of grouping newcomers and exposing them to a common set of experiences rather than treating each newcomer individually and exposing him or her to more or less unique experiences.
Formal vs. informal	Formal socialization is the practice of segregating a newcomer from regular organization members during a defined socialization period versus not clearly distinguishing a newcomer from more experienced members. Army recruits must attend boot camp before they are allowed to work alongside established soldiers.
Sequential vs. random	Sequential socialization refers to a fixed progression of steps that culminate in the new role, compared to an ambiguous or dynamic progression. The socialization of doctors involves a lock-step sequence from medical school, to internship, to residency before they are allowed to practice on their own.
Fixed vs. variable	Fixed socialization provides a timetable for the assumption of the role, whereas a variable process does not. American university students typically spend one year apiece as freshmen, sophomores, juniors, and seniors.
Serial vs. disjunctive	A serial process is one in which the newcomer is socialized by an experienced member, whereas a disjunctive process does not use a role model.
Investiture vs. divestiture	Investiture refers to the affirmation of a newcomer's incoming global and specific role identities and attributes. Divestiture is the denial and stripping away of the newcomer's existing sense of self and the reconstruction of self in the organization's image. During police training, cadets are required to wear uniforms and maintain an immaculate appearance; they are addressed as "officer" and told they are no longer ordinary citizens but representatives of the police force.

SOURCE: Descriptions were taken from B.E. Ashforth, *Role Transitions in Organizational Life: An Identity-Based Perspective* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001), pp. 149–83.

2. Organizations like the U.S. Military Academy at West Point use socialization tactics to reinforce a culture that promotes ethical behavior. Managers are encouraged to consider how they might best set expectations regarding ethical behavior during all three phases of the socialization process.[57]
3. The type of orientation program used to socialize employees affects their expectations and behavior. A recent study of 72 new Asian international graduate students revealed that they had more accurate expectations, felt less stress, reported better adjustment, and had higher retention rates when the orientation program focused on coping with new entry stress.[58] Managers need to help new hires integrate within the organizational culture and overcome the stress associated with working in a new environment. Consider the approach used by John Chambers, CEO of Cisco Systems: "He meets with groups of new hires to welcome them soon after they start, and at monthly breakfast meetings workers are encouraged to ask him tough questions."[59]
4. Support for stage models is mixed. Although there are different stages of socialization, they are not identical in order, length, or content for all people or jobs.[60] Managers are advised to use a contingency approach toward organizational socialization. In other words, different techniques are appropriate for different people at different times.
5. Managers should pay attention to the socialization of diverse employees. Research demonstrated that diverse employees, particularly those with disabilities, experienced different socialization activities than other newcomers. In turn, these different experiences affected their long-term success and job satisfaction.[61]

LO.1 Self-Esteem

Self-esteem is a belief about one's own self-worth based on an overall self-evaluation.[12] Personal achievements and praise tend to bolster one's self-esteem. Prolonged unemployment, soured relationships, and even "bad hair" days can erode it.[13] Self-esteem is measured by having survey respondents indicate their agreement or disagreement with both positive and negative statements. A positive statement on one general self-esteem survey is "I feel I am a person of worth, the equal of other people."[14]

Among the negative items is "I feel I do not have much to be proud of."[15] Those who agree with the positive statements and disagree with the negative statements have high self-esteem. They see themselves as worthwhile, capable, and acceptable. People with low self-esteem view themselves in negative terms, do not feel good about themselves, and experience self-doubts. Research shows they tend to have health problems and low-quality social relationships, as well as being vulnerable to depression.[16]

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of core self-evaluation.

Changes in Self-Esteem during Adulthood A recently reported study that followed a nationally representative sample of 3,617 Americans ages 25 to 104 over a 16-year period documented a general pattern of changes in self-esteem during adulthood. For all demographic groups, self-esteem followed the same trajectory, "increasing during young and middle adulthood, reaching a peak at about age 60 years, and then declining in old age."[17] Not surprisingly, more educated people were found to have higher self-esteem. Declining self-esteem in old age was attributed to socioeconomic changes and health issues.

Self-Esteem across Cultures What are the cross-cultural implications for self-esteem, a concept that has been called uniquely Western? In a survey of 13,118 students from 31 countries worldwide, a moderate positive correlation was found between self-esteem and life satisfaction. But the relationship was stronger in individualistic cultures (e.g., United States, Canada, New Zealand, Netherlands) than in collectivist cultures (e.g., Korea, Kenya, Japan). The researchers concluded that individualistic cultures socialize people to focus more on themselves, while people in collectivist cultures "are socialized to fit into the community and to do their duty. Thus, how a collectivist feels about him- or herself is less relevant to . . . life satisfaction."[18] Global managers need to remember to deemphasize self-esteem when doing business in collectivist ("we") cultures, as opposed to emphasizing it in individualistic ("me") cultures.

Can General Self-Esteem Be Improved? The short answer is yes (see Table 5–1). More detailed answers come from research. In one study, youth-league baseball coaches who were trained in supportive teaching techniques had a positive effect on the self-esteem of young boys. A control group of untrained coaches had no such positive effect.[19] Another study led to this conclusion: "Low self-esteem can be raised more by having the person think of desirable characteristics possessed rather than of undesirable characteristics from which he or she is free."[20] This approach can help neutralize the self-defeating negative thoughts among those with low self-esteem. Meanwhile, a lively debate continues among educational policy makers over the relative importance of boosting students' self-esteem versus making sure they master the basics of reading, writing, and math. When researchers reviewed data from 1975 through 2006, they found that the self-esteem movement had carried the day. But at what cost? Results showed that while self-esteem among high-school seniors had risen over the years, self-perceptions of *competence* had not. This left the researchers worried that "over-praised" kids who were confident about becoming "very good" spouses, parents,

table 5–1 Branden's Six Pillars of Self-Esteem

What nurtures and sustains self-esteem in grown-ups is not how others deal with us but how we ourselves operate in the face of life's challenges—the choices we make and the actions we take.

This leads us to the six pillars of self-esteem.

1. *Live consciously.* Be actively and fully engaged in what you do and with whom you interact.
2. *Be self-accepting.* Don't be overly judgmental or critical of your thoughts and actions.
3. *Take personal responsibility.* Take full responsibility for your decisions and actions in life's journey.
4. *Be self-assertive.* Be authentic and willing to defend your beliefs when interacting with others, rather than bending to their will to be accepted or liked.
5. *Live purposefully.* Have clear near-term and long-term goals and realistic plans for achieving them to create a sense of control over your life.
6. *Have personal integrity.* Be true to your word and your values.

Between self-esteem and the practices that support it, there is reciprocal causation. This means that the behaviors that generate good self-esteem are also expressions of good self-esteem.

SOURCE: From Nathaniel Branden, *Self-Esteem at Work: How Confident People Make Powerful Companies*, 1998, pp 33–36. Reprinted with permission of John Wiley & Sons.

and employees could be primed for a big letdown in real life.[21] What are your thoughts on this?

LO.2 Self-Efficacy

Self-confidence that leads to results is important in today's demanding workplaces. In fact, when 2,500 managers and executives in the United States were polled, 72% of the women and 66% of the men said *self-confidence* was the most important quality for succeeding in business.[22] Self-confidence that can be backed up with real results involves more than high self-esteem; it also requires self-efficacy.[23] **Self-efficacy** is a person's belief about his or her chances of successfully accomplishing a specific task. According to one organizational behavior writer, "Self-efficacy arises from the gradual acquisition of complex cognitive, social, linguistic, and/or physical skills through experience."[24] Role models can inspire us to build self-efficacy (see Real World/Real People on page 126).

The relationship between self-efficacy and performance is a cyclical one. Efficacy → performance cycles can spiral upward toward success or downward toward failure.[25] Researchers have documented strong linkages between high self-efficacy expectations and success in widely varied physical and mental tasks, anxiety reduction, addiction control, pain tolerance, illness recovery, avoidance of seasickness in naval cadets, physical exercise, stress avoidance, and trainee learning.[26] Oppositely, those with low self-efficacy expectations tend to have lower success rates. Although self-efficacy sounds like some sort of mental magic, it operates in a very straightforward manner, as a model will show.

self-esteem One's overall self-evaluation.

self-efficacy Belief in one's ability to do a task.

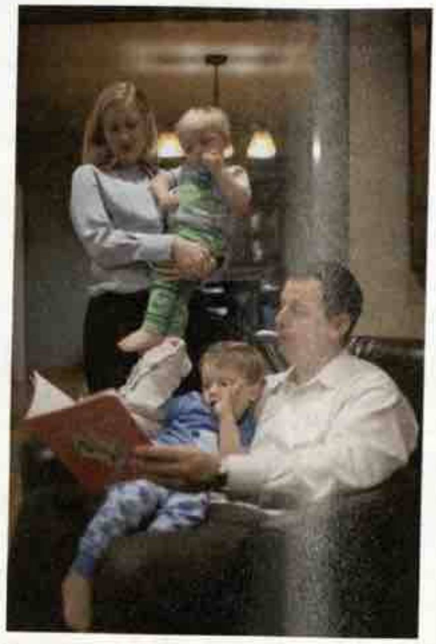
real WORLD // real PEOPLE: ethics

Military Veterans Bring High Self-Efficacy to MBA Programs

Ryan McDermott, a second-year student at Darden [the University of Virginia's School of Business], led a combat mission down the most dangerous road in Baghdad, fought four battles, and wrote a plan for training and deploying 3,600 soldiers, all by the age of 26. Summer Jones, a former naval officer, by 26 had launched Tomahawk missiles off a ship in the Persian Gulf, commanded 200 sailors, and delivered the news of September 11 Pentagon casualties to their families. When her Georgetown University evening MBA classmates wonder how the 32-year-old maintains a full-time job, raises two children, supports her husband in law school, and earns her MBA at the same time, she tells them: "When you've been in a wartime environment, you step back and say, 'This is easy.'" As if to prove it, she gave birth to her second son just after the first week of the MBA program without missing a day of class.

What is the ethical argument for hiring military veterans?

SOURCE: J Porter, "From the Battlefield to B-School," *BusinessWeek*, March 24, 2008, p 80.



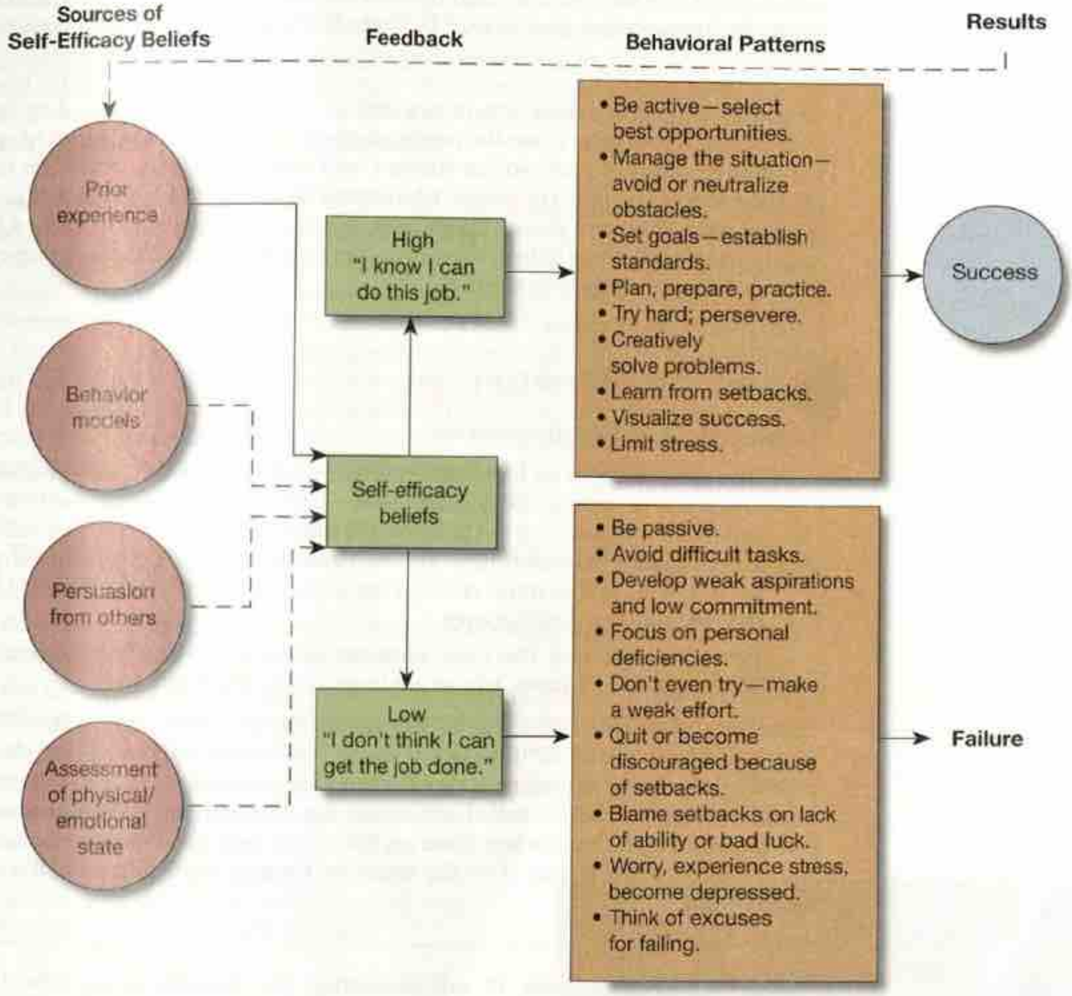
Summer Jones and her growing family.

connect Go to www.mcgrawhillconnect.com for an interactive exercise to test your knowledge of the mechanisms of self-efficacy.

What Are the Mechanisms of Self-Efficacy? A basic model of self-efficacy is displayed in Figure 5–2. It draws upon the work of Stanford psychologist Albert Bandura. Let us explore this model with a simple illustrative task. Imagine you have been told to prepare and deliver a 10-minute talk to an OB class of 50 students on the workings of the self-efficacy model in Figure 5–2.

Your self-efficacy calculation would involve cognitive appraisal of the interaction between your perceived capability and situational opportunities and obstacles. As you begin to prepare for your presentation, the four sources of self-efficacy beliefs would come into play. Because prior experience is the most potent source, according to Bandura, it is listed first and connected to self-efficacy beliefs with a solid line. Past success in public speaking would boost your self-efficacy. But bad experiences with delivering speeches would foster low self-efficacy. Regarding behavior models as a source of self-efficacy beliefs, you would be influenced by the success or failure of your classmates in delivering similar talks. Their successes would tend to bolster you (or perhaps their failure would if you were very competitive and had high self-esteem). Likewise, any supportive persuasion from your classmates that you will do a good job would enhance your self-efficacy. Physical and emotional factors also might affect your self-confidence. A sudden case of laryngitis or a bout of stage fright could cause your self-efficacy expectations to plunge. Your cognitive evaluation of the situation then would yield a self-efficacy belief—ranging from high to low expectations for success. Importantly, self-efficacy beliefs are not merely boastful statements based on bravado; they are deep convictions supported by experience.

figure 5–2 A Model of How Self-Efficacy Beliefs Can Pave the Way for Success or Failure



SOURCES: Adapted from discussion in A Bandura, "Regulation of Cognitive Processes through Perceived Self-Efficacy," *Developmental Psychology,* September 1989, pp 729–35; and R Wood and A Bandura, "Social Cognitive Theory of Organizational Management," *Academy of Management Review,* July 1989, pp 361–84.

Moving to the *behavioral patterns* portion of Figure 5–2, we see how self-efficacy beliefs are acted out. In short, if you have high self-efficacy about giving your 10-minute speech, you will work harder, more creatively, and longer when preparing for your talk than will your low-self-efficacy classmates. The results would then take shape accordingly. People program themselves for success or failure by enacting their self-efficacy expectations. Positive or negative results subsequently become feedback for one's base of personal experience. Along those lines, a national panel of scholars convened to discover why American students don't do better in math concluded, "Effort counts. Students who believe that working hard will make them smarter in math actually do achieve better."[27]

Self-Efficacy Implications for Managers On-the-job research evidence encourages managers to nurture self-efficacy, both in themselves and in others. In fact, a meta-analysis encompassing 21,616 subjects found a significant positive correlation between self-efficacy and job performance.[28] Self-efficacy can be boosted in the workplace through careful hiring, challenging assignments, training and coaching, goal setting, supportive leadership and mentoring, and rewards for improvement. Boeing's CEO, James McNerney, offered this perspective:

Example. Success and achievement can feed on themselves. It feels good to keep succeeding. It feels great to see the people you work with grow and achieve. Maybe the ignition happens when you're younger, and then it feeds on itself. The next question is how you give it to people who weren't fortunate enough to have it given to them when they were young. It gets back to leadership attributes—expect a lot, inspire people, ask them to take the values that are important to them at home or at church and bring them to work.[29]

LO.3 Self-Monitoring

Consider these contrasting scenarios:

1. You are rushing to an important meeting when a co-worker pulls you aside and starts to discuss a personal problem. You want to break off the conversation, so you glance up at the clock. He keeps talking. You say, "I'm late for a big meeting." He continues. You turn and start to walk away. The person keeps talking as if he never received any of your verbal and nonverbal signals that the conversation was over.
2. Same situation. Only this time, when you glance at the clock, the person immediately says, "I know, you've got to go. Sorry. We'll talk later."

In the first all-too-familiar scenario, you are talking to a "low self-monitor." The second scenario involves a "high self-monitor." But more is involved here than a potentially irritating situation. A significant and measurable individual difference in self-expression behavior, called self-monitoring, is highlighted. **Self-monitoring** is the extent to which a person observes his or her own self-expressive behavior and adapts it to the demands of the situation. Experts on the subject offer this explanation:

Example. Individuals high in self-monitoring are thought to regulate their expressive self-presentation for the sake of desired public appearances, and thus be highly responsive to social and interpersonal cues of situationally appropriate performances. Individuals low in self-monitoring are thought to lack either the ability or the motivation to so regulate their expressive self-presentations. Their expressive behaviors, instead, are thought to functionally reflect their own enduring and momentary inner states, including their attitudes, traits, and feelings.[30]

In organizational life, both high and low monitors are subject to criticism. High self-monitors are sometimes called *chameleons*, who readily adapt their self-presentation to their surroundings. Low self-monitors, on the other hand, often are criticized for being on their own planet and insensitive to others.

Back to the Chapter-Opening Case

Would you call Mark Zuckerberg a high or low self-monitor? Explain. How can you deal effectively in the workplace with such a person?

A Matter of Degree Self-monitoring is not a precise either-or proposition. It is a matter of degree; a matter of being relatively high or low in terms of related patterns of self-expression. For instance, consider this description of a relatively low self-monitoring individual: "We have an employee who turns every interaction—work-related or not—into a conversation about her. She's otherwise good at her job, but folks are beginning to avoid meetings with her or task forces on which she serves. 'She sucks the air out of the room,' a co-worker complained."[31] What are your self-monitoring tendencies?

Research Findings and Practical Recommendations A meta-analysis encompassing 23,191 subjects in 136 samples found self-monitoring to be relevant and useful when dealing with job performance and emerging leaders.[32] According to field research, there is a positive relationship between high self-monitoring and career success. Among 139 MBA graduates who were tracked for five years, high self-monitors enjoyed more internal and external promotions than did their low self-monitoring classmates.[33] Another study of 147 managers and professionals found that high self-monitors had a better record of acquiring a mentor (someone to act as a personal career coach and professional sponsor).[34] These results mesh well with an earlier study that found managerial success (in terms of speed of promotions) tied to political savvy (knowing how to socialize, network, and engage in organizational politics).[35]

The foregoing evidence and everyday experience lead us to make these practical recommendations:

For high, moderate, and low self-monitors: Become more consciously aware of your self-image and how it affects others.

For high self-monitors: Don't overdo it by evolving from a successful chameleon into someone who is widely perceived as insincere, dishonest, phony, and untrustworthy. You cannot be everything to everyone.

For low self-monitors: You can bend without breaking, so try to be a bit more accommodating while being true to your basic beliefs. Don't wear out your welcome when communicating. Practice reading and adjusting to nonverbal cues in various public situations. If your conversation partner is bored or distracted, stop—because they are not really listening.

Organizational Identification: A *Social* Aspect of Self-Concept with Ethical Implications

The dividing line between self and others is not a neat and precise one. A certain amount of blurring occurs, for example, when an employee comes to define him- or herself with a *specific* organization—a psychological process called *organizational identification.* According to an expert on this evolving OB topic, "**organizational identification** occurs when one comes to integrate beliefs about one's organization into one's identity."[36] Organizational identification

Are you willing to get a tattoo of your employer's corporate logo? As an extreme case of organizational and product identification, many Harley-Davidson employees have done it.

self-monitoring Observing one's own behavior and adapting it to the situation.

organizational identification Organizational values or beliefs become part of one's self-identity.

connect Go to www.mcgrawhillconnect.com for a video case on the values at Patagonia.

Back to the Chapter-Opening Case

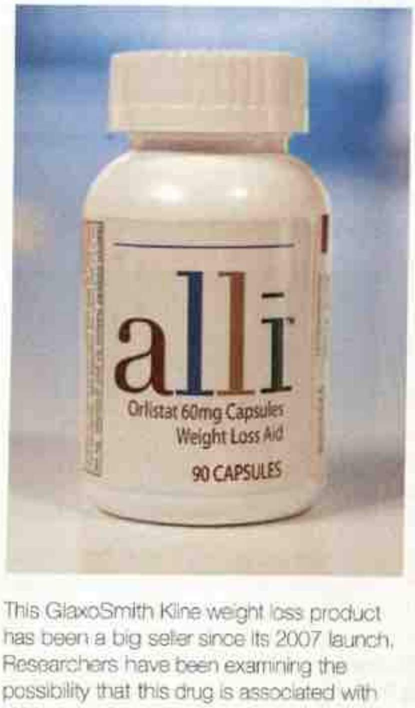
How would you rate Jennifer Simonetti-Bryan in terms of Schwartz's 10 values? Which ones contributed to her decision to change careers?

Value Conflicts

There are three types of value conflict that are related to an individual's attitudes, job satisfaction, turnover, performance, and counterproductive behavior. They are *intra*personal value conflict, *inter*personal value conflict, and individual–organization value conflict. These sources of conflict are, respectively, from inside the person, between people, and between the person and the organization.

Intrapersonal Value Conflict Our discussion of Schwartz's theory of values revealed that people are likely to experience inner conflict and stress when personal values conflict with each other. For employees who want balance in their lives, a stressful conflict can arise when one values, for example, "achievement" and "tradition." Paul Wenske, a former investigative reporter for the *Kansas City Star*, is experiencing intrapersonal value conflict after being forced to take a buyout from his employer. He was an award-winning journalist for 30 years who strongly identified with his work role. He told *The Wall Street Journal* that "Suddenly you're not the same person you used to be. You look in the mirror. Who are you?" Therapists suggest that this type of value conflict can be reduced by "taking pride in characteristics that can't be stripped away—virtue, integrity, honesty, generosity. They also recommend investing more time and pride in relationships with family, friends, and community."[6] In general, people are happier and less stressed when their personal values are aligned.

Interpersonal Value Conflict This type of value conflict often is at the core of personality conflicts, and such conflicts can negatively affect one's career. Consider the case of Jeffrey Johnson. He was fired by the owner of the *Los Angeles Times*—the Tribune Company—when his values collided with those of senior management. Senior management wanted Johnson to improve the paper's financial results by cutting costs. Johnson then was asked to eliminate employees from the payroll. The conflict for Johnson was that he did not believe that the newspaper's problems would be solved by employee layoffs. He wanted to improve the newspaper's financial status by exploring creative ways to generate revenue as opposed to cutting costs.[7] This example highlights how important it is to carefully evaluate the pros and cons of handling interpersonal value conflicts with our superiors.



This GlaxoSmith Kline weight loss product has been a big seller since its 2007 launch. Researchers have been examining the possibility that this drug is associated with kidney and liver damage.

Individual–Organization Value Conflict As we saw in Chapter 3, companies actively seek to embed certain values into their corporate cultures. Conflict can occur when values espoused and enacted by the organization collide with employees' personal values. We defined this type of conflict as PE fit in Chapter 3: PE fit represents the extent to which personal characteristics match those from a work environment.[8] The Real World/Real People on page 155 highlights how a conflict between Cheryl Eckard's personal values and those of GlaxoSmithKline led to a lawsuit that was settled for $750 million. Individual-organizational values conflicts are not only important because they might lead to lawsuits, but this type of conflict is related to positive outcomes such as satisfaction, commitment, performance, career success, reduced stress, and lower turnover intentions.[9] It is important to consider the PE fit of your future job prospects before accepting a job.

real WORLD // real PEOPLE

Whistle-Blower at GlaxoSmithKline Receives $96 Million Payout

Cheryl Eckard, 51 years old, was a global quality assurance manager for GlaxoSmithKline (GSK). She sued the company under the False Claims Act: The Act allows US citizens to sue a company that is committing fraud against the government and to receive proceeds of what is recovered. GSK settled the suit for $750 million, and Eckard was awarded $96 million.

"The case centered on a factory in Cidra, Puerto Rico, where GSK made a range of products including an antibiotic ointment for babies, and drugs to treat nausea, depression and diabetes. In August 2002, Eckard . . . led a team sent to the plant to investigate manufacturing violations that had been identified by the US Federal Drugs Administration (FDA)."

"Ms. Eckard made some strong recommendations to her supervisors: Stop shipping all products from the plant, suspend manufacturing for two weeks to allow time to resolve the problems, and notify the FDA about the product mix-ups." She told her boss that "she would not participate in a cover-up of the quality assurance and compliance problems at Cidra," according to the lawsuit.

Eckard's ex-husband noted that she was a company person and not a malcontent. He indicated that she really cared about her job and worked very hard for the company. Eckard was terminated in 2003 "in what the company called a 'redundancy' related to the merger of Glaxo Wellcome and SmithKline Beecham PLC a couple years before, according to her suit."

"Eckard tried to alert GSK's management to the situation in Cidra even after she left the company. According to the lawsuit . . . Eckard tried to call GSK's chief executive JP Garnier in July 2003, but he declined to speak to her. She took her concerns to the FDA in August 2003 after concluding that GSK's compliance department lacked the authority to address her concerns."

The eight-year case finally ended in 2010 and Eckard concluded that "it's very difficult to survive this financially, emotionally you lose all your friends, because all your friends are people you have at work. . . . You really do have to understand that it's a very difficult process but very well worth it."

What was the source of Cheryl Eckard's value conflict?

SOURCE: Extracted from G Wearden, "GlaxoSmithKline Whistleblower Awarded $96m Payout," *Guardian.co.uk*, October 27, 2010, http://www.guardian.co.uk/business/2010/oct/27/glaxosmithkline-whistleblower-awarded; and P Loftus, "Whistleblower's Long Journey," *The Wall Street Journal*, October 28, 2010, pp B1, B2.

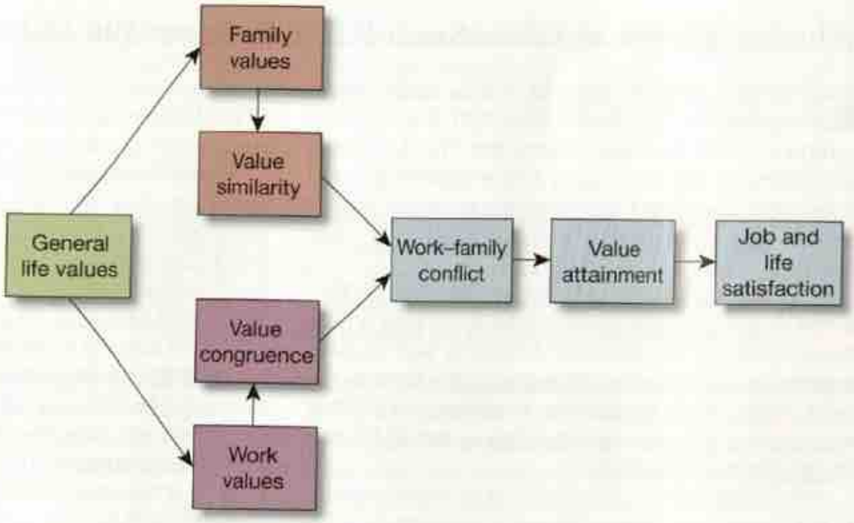
LO.2 Work versus Family Life Conflict

A complex web of demographic and economic factors makes the balancing act between job and life very challenging for most of us. This is particularly true during a recessionary period of higher unemployment. In this section, we seek to better understand work versus family life conflict by introducing a values-based model and discussing practical research insights.

A Values-Based Model of Work–Family Conflict Pamela L Perrewé and Wayne A Hochwarter proposed a model of work–family conflict (see Figure 6–2). On the left, we see one's general life values feeding into one's family-related values and work-related values. Family values involve enduring beliefs about the importance of family and who should play key family roles (e.g., child rearing, housekeeping, and income earning). Work values center on the relative importance of work and career goals in one's life. *Value similarity* relates to the degree of consensus among family members about family values. When a housewife launches a business venture despite her husband's desire to be the sole bread winner, lack of family value similarity causes work–family conflict. *Value congruence*, on the other hand, involves the amount of value agreement between employee and employer. If, for example, refusing to go on a business trip to stay home for a child's birthday is viewed as disloyalty to the company, lack of value congruence can trigger work–family conflict.

In turn, "work–family conflict can take two distinct forms: work interference with family and family interference with work."[10] For example, suppose two managers in the same department have daughters playing on the same soccer team.

figure 6–2 A Values Model of Work–Family Conflict



SOURCE: From Pamela L Perrewé and Wayne A Hochwarter, "Can We Really Have It All? The Attainment of Work and Family Values," *Current Directions in Psychological Science*, February 2001, p 30. Reprinted with permission of Wiley-Blackwell.

One manager misses the big soccer game to attend a last-minute department meeting; the other manager skips the meeting to attend the game. Both may experience work–family conflict, but for different reasons.[11]

The last two boxes in the model—value attainment and job and life satisfaction—are a package deal. Satisfaction tends to be higher for those who live according to their values and lower for those who do not. Overall, this model reflects much common sense. How does *your* life track through the model? Sadly, it is a painful trip for many these days.

Practical Research Insights about Work–Family Conflict This is a new but very active area of OB research. Let us consider six practical conclusions derived from this research.

- *Work–family balance begins at home.* Case studies of successful executives reveal that family and spousal support is critical for reaching senior level positions.[12] This in turn suggests that both men and women need help with domestic responsibilities if there is any chance of achieving work–family balance. You are encouraged to hire domestic help if you need and can afford it.
- *An employer's family-supportive philosophy is more important than specific programs.* Many employers offer family-friendly programs today, including child and elder day care assistance, parental leave, telecommuting, and flexible work schedules. However, if employees are afraid or reluctant to take advantage of those programs because the organization's culture values hard work and long hours above all else, families will inevitably suffer. To be truly family-friendly, the organization needs to provide programs and back them up with a family-supportive philosophy, culture, and resources. For example, Baptist Health South Florida invested more than $2 million in new benefits targeted toward helping employees with work–family balance issues.[13]
- *Informal flexibility in work hours and in allowing people to work at home is essential to promoting work–family balance.* Quite simply, flexibility allows people to cope more effectively with competing demands across their personal and work lives. This conclusion was supported by a recent study of 511 HR professionals. Ninety-one percent of respondents indicated that

flexible work arrangements positively influenced morale, and 58 percent said that work–family balance "is the most effective tactic for attracting, rewarding and retaining top employees."[14]

- *Supportive bosses and colleagues can help.* Research demonstrated that work–family conflict was lower when employees had good relationships with their direct supervisor and work colleagues.[15] It is important that you proactively discuss potential work–family conflicts with your boss and colleagues prior to their occurrence as opposed to after the fact.
- *The importance of work–family balance varies across generations.* A recent longitudinal study of work values across 16,000 people from different generational groups demonstrated that (1) Gen Ys and Gen Xs preferred more leisure time and had higher extrinsic values (e.g., desire for salary) than Baby Boomers, and (2) Gen Ys had lower altruistic values (e.g., desire to help others) and intrinsic values (e.g., desire to have an interesting job) than Boomers.[16] These results suggest that organizations should consider implementing work policies that are targeted toward different generational groups. For example, flextime and compressed work programs may be used to attract and retain both Gen Ys and Gen Xers while job enrichment, which is discussed in Chapter 8, may be used to motivate Baby Boomers.
- *Take a proactive approach to managing work–family conflict.* A recent meta-analysis of research involving more than 32,000 people demonstrated that an individual's personal life spills over to his or her work life and vice versa. This means that employees' job satisfaction, organizational commitment, and intentions to quit are significantly related to the amount of work–family conflict that exists in their lives.[17] Organizations thus are encouraged to train managers to use family-supportive supervisory behaviors because research shows that managers can be taught to help employees reduce their levels of work–family conflict.[18]

Great companies recognize that the ability to take care of family concerns is an important part of an employee's job satisfaction. How can a company's policies reflect a family-supportive philosophy?

Organizational Response to Work–Family Issues Organizations have implemented a variety of family-friendly programs and services aimed at helping employees to balance the interplay between their work and personal lives. For example, General Mills increased the size of its infant-care center at corporate headquarters by 43%, and it subsidized 25% of the cost. Intuit provided a $650 match of funds for dependent care accounts and made a $65 contribution for in-home care when a child is sick.[19] Although these programs are positively received by employees, experts now believe that such efforts are partially misguided because they focus on balancing work–family issues rather than integrating them. Balance is needed for opposites, and work and family are not opposites. Rather, our work and personal lives should be a well-integrated whole.

LO.3 Attitudes

Hardly a day goes by without the popular media reporting the results of another attitude survey. The idea is to take the pulse of public opinion. What do we think about President Obama, terrorism, the war on drugs, gun control, or taxes? In the workplace, meanwhile, managers conduct attitude surveys to monitor such things as job satisfaction and employee engagement. All this attention to attitudes is based on the realization that our attitudes influence our behavior. For example, research demonstrated that seniors with a positive attitude about aging had better memory, had better hearing, and lived longer than those with negative attitudes.[20]

TO THE POINT

Why is it important for managers to understand an employee's attitudes, and how do attitudes influence employee behavior?

In a work setting, meta-analytic studies revealed that job attitudes were positively related to performance and negatively associated with indicators of withdrawal—lateness, absenteeism, and turnover.[21] In this section, we discuss the components of attitudes and examine the connection between attitudes and behavior.

The Nature of Attitudes

An **attitude** is defined as "a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object."[22] Consider your attitude toward chocolate ice cream. You are more likely to purchase a chocolate ice cream cone if you have a positive attitude toward chocolate ice cream. In contrast, you are more likely to purchase some other flavor, say vanilla caramel swirl, if you have a positive attitude toward vanilla and a neutral or negative attitude toward chocolate ice cream. Let us consider a work example. If you have a positive attitude about your job (i.e., you like what you are doing), you would be more willing to extend yourself at work by working longer and harder. These examples illustrate that attitudes propel us to act in a specific way in a specific context. That is, attitudes affect behavior at a different level than do values. While values represent global beliefs that influence behavior across *all* situations, attitudes relate only to behavior directed toward *specific* objects, persons, or situations. Values and attitudes generally, but not always, are in harmony. A manager who strongly values helpful behavior may have a negative attitude toward helping an unethical co-worker. The difference between attitudes and values is clarified by considering the three components of attitudes: affective, cognitive, and behavioral. It is important to note that your overall attitude toward someone or something is a function of the combined influence of all three components.

Affective Component

The **affective component** of an attitude contains the feelings or emotions one has about a given object or situation. For example, how do you *feel* about people who talk on cell phones in restaurants? If you feel annoyed or angry with such people, you are expressing negative affect or feelings toward people who talk on cell phones in restaurants. In contrast, the affective component of your attitude is neutral if you are indifferent about people talking on cell phones in restaurants.

Cognitive Component

What do you *think* about people who talk on cell phones in restaurants? Do you believe this behavior is inconsiderate, productive, completely acceptable, or rude? Your answer represents the cognitive component of your attitude toward people talking on cell phones in restaurants. The **cognitive component** of an attitude reflects the beliefs or ideas one has about an object or situation.

Behavioral Component

The **behavioral component** refers to how one intends or expects to act toward someone or something. For example, how would you intend to respond to someone talking on a cell phone during dinner at a restaurant if this individual were sitting in close proximity to you and your guest? Attitude theory suggests that your ultimate behavior in this situation is a function of all three attitudinal components. You are unlikely to say anything to someone using a cell phone in a restaurant if you are not irritated by this behavior (affective), if you believe cell phone use helps people to manage their lives (cognitive), and you have no intention of confronting this individual (behavioral).[23]

What Happens When Attitudes and Reality Collide? Cognitive Dissonance

What happens when a strongly held attitude is contradicted by reality? Suppose you are extremely concerned about getting AIDS, which you believe is transferred from contact with body fluids, including blood. Then you find yourself in a life-threatening accident in a foreign country and need surgery and blood transfusions—including transfusions of blood (possibly AIDS-infected) from a blood bank with unknown quality control. Would you reject the blood to remain consistent with your beliefs about getting AIDS? According to social psychologist Leon Festinger, this situation would create cognitive dissonance.

Cognitive dissonance represents the psychological discomfort a person experiences when his or her attitudes or beliefs are incompatible with his or her behavior.[24] Festinger proposed that people are motivated to maintain consistency between their attitudes and beliefs and their behavior. He therefore theorized that people will seek to reduce the "dissonance," or psychological tension, through one of three main methods:

1. *Change your attitude or behavior, or both.* This is the simplest solution when confronted with cognitive dissonance. Returning to our example about needing a blood transfusion, this would amount to either (a) telling yourself that you can't get AIDS through blood and take the transfusion or (b) simply refusing to take the transfusion.
2. *Belittle the importance of the inconsistent behavior.* This happens all the time. In our example, you could belittle the belief that you can get AIDS from the foreign blood bank. (The doctor said she regularly uses blood from that blood bank.)
3. *Find consonant elements that outweigh dissonant ones.* This approach entails rationalizing away the dissonance. You can tell yourself that you are taking the transfusion because you have no other options. After all, you could die if you don't get the required surgery.

Back to the Chapter-Opening Case

Why was Jennifer Simonetti-Bryan experiencing cognitive dissonance, and how did she resolve it?

How Stable Are Attitudes?

In one landmark study, researchers found the *job* attitudes of 5,000 middle-aged male employees to be very stable over a five-year period. Positive job attitudes remained positive; negative ones remained negative. Even those who changed jobs or occupations tended to maintain their prior job attitudes.[25]

More recent research suggests the foregoing study may have overstated the stability of attitudes because it was restricted to a middle-aged sample. This time, researchers asked, What happens to attitudes over the entire span of adulthood? *General* attitudes were found to be more susceptible to change during early and late adulthood than during middle adulthood. Three factors accounted for middle-age attitude stability: (1) greater personal certainty, (2) perceived abundance of knowledge, and (3) a need for strong attitudes. Thus, the conventional notion that general attitudes become less likely to change as the person ages was rejected.

attitude Learned predisposition toward a given object.

affective component The feelings or emotions one has about an object or situation.

cognitive component The beliefs or ideas one has about an object or situation.

behavioral component How one intends to act or behave toward someone or something.

cognitive dissonance Psychological discomfort experienced when attitudes and behavior are inconsistent.

What Are the Consequences of Employee Engagement? Consulting firms such as Gallup, Hewitt Associates, and Watson Wyatt have been in the forefront of collecting proprietary data supporting the practical value of employee engagement. For example, Gallup researchers conducted a meta-analysis involving 198,514 individuals from 7,930 business units and found that employee engagement was significantly associated with organizational-level customer satisfaction/loyalty, profitability, productivity, turnover, and safety outcomes.[56] Gallup estimates that organizations can achieve 12% higher customer satisfaction/loyalty, 18% more productivity, and 12% greater profitability when their employees are highly engaged.[57] Other recent studies similarly showed a positive relationship between employee engagement and employees' performance and physical and psychological well-being, and corporate-level financial performance and customer satisfaction.[58]

Practical Takeaways While academic research still is needed to validate measures of employee engagement, we believe that organizations can find value in measuring, tracking, and responding to surveys of employee engagement. The Ritz-Carlton, for instance, was able to significantly lower employee turnover (18% versus an industry average of 158%) and increase both customer satisfaction and customer spending by following this recommendation.[59]

TO THE POINT

What are the causes, correlates, and consequences of job satisfaction?

Job Satisfaction

Job satisfaction essentially reflects the extent to which an individual likes his or her job. Formally defined, **job satisfaction** is an affective or emotional response toward various facets of one's job. This definition implies job satisfaction is not a unitary concept. Rather, a person can be relatively satisfied with one aspect of his or her job and dissatisfied with one or more other aspects. For example, a recent survey of 11,000 people indicated that Gen Ys were more satisfied with their managers than Gen Xers or Boomers. In contrast, overall job satisfaction was higher for Boomers than it was for Gen Ys and Gen Xers.[60]

Researchers at Cornell University developed the Job Descriptive Index (JDI) to assess one's satisfaction with the following job dimensions: work, pay, promotions, co-workers, and supervision.[61] Researchers at the University of Minnesota concluded there are 20 different dimensions underlying job satisfaction. Although researchers do not have consensus about the exact number of dimensions that constitute job satisfaction, they do agree that it has five predominant causes. We believe that knowledge about the causes of job satisfaction can assist managers in trying to increase this key work attitude. Let us now examine the causes of job satisfaction.

LO.7 The Causes of Job Satisfaction

Five predominant models of job satisfaction focus on different causes. They are need fulfillment, discrepancy, value attainment, equity, and dispositional/genetic components. A brief review of these models provides insight into the variety of methods that can be used to increase employees' job satisfaction.

Need Fulfillment These models propose that satisfaction is determined by the extent to which the characteristics of a job allow an individual to fulfill his or her needs. For example, a survey by the Society for Human Resource Management asked employees to choose the aspects of their job that were very important to their job satisfaction. Their top four choices were compensation, benefits, job security, and work–life balance—all directly related to employees' ability to meet a variety of basic needs.[62] We suspect that the need for job security will become more important for employees during our current recession. Although need fulfillment models generated a great degree of controversy, it is generally accepted that need fulfillment is correlated with job satisfaction.[63]

Discrepancies These models propose that satisfaction is a result of met expectations. **Met expectations** represent the difference between what an individual expects to receive from a job, such as good pay and promotional opportunities, and what he or she actually receives. When expectations are greater than what is received, a person will be dissatisfied. In contrast, this model predicts that an individual will be satisfied when he or she attains outcomes above and beyond expectations. A meta-analysis that included 17,241 people demonstrated that met expectations were significantly related to job satisfaction.[64] Many companies use employee attitude or opinion surveys to assess employees' expectations and concerns, even during bad economic conditions.

Value Attainment The idea underlying **value attainment** is that satisfaction results from the perception that a job allows for fulfillment of an individual's important work values. For example, New Belgium Brewing Company, brewers of Fat Tire, attracts employees who value bicycling and environmental sustainability. The company gives each employee a cruiser bike after working for the company for one year and it established on-site recycling centers. Almost 50% of employees working at the corporate headquarters in Fort Collins, Colorado, commute by bike during the summer.[65] In general, research consistently supports the prediction that value fulfillment is positively related to job satisfaction. Managers can thus enhance employee satisfaction by structuring the work environment and its associated rewards and recognition to reinforce employees' values.

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Equity In this model, satisfaction is a function of how "fairly" an individual is treated at work. Satisfaction results from one's perception that work outcomes, relative to inputs, compare favorably with a significant other's outcomes/inputs. A meta-analysis involving 64,757 people supported this model. Employees' perceptions of being treated fairly at work were highly related to overall job satisfaction.[66] Managers thus are encouraged to monitor employees' fairness perceptions and to interact with employees in such a way that they feel equitably treated. Chapter 8 explores how this can be accomplished.

Dispositional/Genetic Components Have you ever noticed that some of your co-workers or friends appear to be satisfied across a variety of job circumstances, whereas others always seem dissatisfied? This model of satisfaction attempts to explain this pattern. Specifically, the dispositional/genetic model is based on the belief that job satisfaction is partly a function of both personal traits and genetic factors. As such, this model implies that stable individual differences are just as important in explaining job satisfaction as are characteristics of the work environment. Although there are a limited number of studies that tested these propositions, a recent meta-analysis revealed that dispositional factors were not significantly associated with all aspects of job satisfaction. Dispositions had stronger relationships with intrinsic aspects of a job (e.g., having autonomy) than with extrinsic aspects of work (e.g., receipt of rewards).[67] Genetic factors also were found to significantly predict life satisfaction, well-being, and general job satisfaction.[68] Overall, researchers estimate that 30% of an individual's job satisfaction is associated with dispositional and genetic components.[69] Pete and Laura Wakeman, founders of Great Harvest Bread Company, have used this model of job satisfaction while running their company for more than 25 years.

job satisfaction An affective or emotional response to one's job.

met expectations The extent to which one receives what he or she expects from a job.

value attainment The extent to which a job allows fulfillment of one's work values.

Example. Our hiring ads say clearly that we need people with "strong personal loves as important as their work." This is not a little thing. You can't have a great life unless you have a buffer of like-minded people all around you. If you want to be nice, you can't surround yourself with crabby people and expect it to work. You might stay nice for a while, just because—but it isn't sustainable over years. If you want a happy company, you can do it only by hiring naturally happy people. You'll never build a happy company by "making people happy"—you can't really "make" people any way that they aren't already. Laura and I want to be in love with life, and our business has been a good thing for us in that journey.[70]

Although Pete and Laura's hiring approach is consistent with the dispositional and genetic model of job satisfaction, it is important to note that hiring "like-minded" people can potentially lead to discriminatory decisions. Managers are advised not to discriminate on the basis of race, gender, religion, color, national origin, and age.

Example. These employees appear to be enjoying their jobs. Research suggests that they are more likely to enjoy their job based on genetic factors and personal traits.

Back to the Chapter-Opening Case

Which of the five models of job satisfaction best explains Jennifer Simonetti-Bryan's job satisfaction at Citicorp?

LO.8 Major Correlates and Consequences of Job Satisfaction

This topic has significant managerial implications because thousands of studies have examined the relationship between job satisfaction and other organizational variables. Because it is impossible to examine them all, we will consider a subset of the more important variables from the standpoint of managerial relevance.

Table 6–2 summarizes the pattern of results. The relationship between job satisfaction and these other variables is either positive or negative. The strength of the relationship ranges from weak (very little relationship) to strong. Strong relationships imply that managers can significantly influence the variable of interest by increasing job satisfaction. Let us now consider seven key correlates of job satisfaction.

Motivation A recent meta-analysis of nine studies and 1,739 workers revealed a significant positive relationship between motivation and job satisfaction. Because satisfaction with supervision also was significantly correlated with motivation, managers are advised to consider how their behavior affects employee satisfaction.[71] Managers can potentially enhance employees' motivation through various attempts to increase job satisfaction.

Job Involvement Job involvement, which is a component of employee engagement, represents the extent to which an individual is personally involved with his or her work role. A meta-analysis involving 27,925 individuals demonstrated that job involvement was moderately related with job satisfaction.[72] Managers are thus encouraged to foster satisfying work environments in order to fuel employees' job involvement.

table 6–2 Correlates of Job Satisfaction

VARIABLES RELATED WITH SATISFACTION	DIRECTION OF RELATIONSHIP	STRENGTH OF RELATIONSHIP
Motivation	Positive	Moderate
Job involvement	Positive	Moderate
Organizational commitment	Positive	Moderate
Organizational citizenship behavior	Positive	Moderate
Withdrawal cognitions	Negative	Strong
Turnover	Negative	Moderate
Heart disease	Negative	Moderate
Perceived stress	Negative	Strong
Pro-union voting	Negative	Moderate
Job performance	Positive	Moderate
Life satisfaction	Positive	Moderate
Mental health	Positive	Moderate
Customer satisfaction	Positive	Moderate

Organizational Citizenship Behavior **Organizational citizenship behaviors (OCBs)** consist of employee behaviors that are beyond the call of duty. Examples include "such gestures as constructive statements about the department, expression of personal interest in the work of others, suggestions for improvement, training new people, respect for the spirit as well as the letter of housekeeping rules, care for organizational property, and punctuality and attendance well beyond standard or enforceable levels."[73] Managers certainly would like employees to exhibit these behaviors. A meta-analysis involving 21 separate studies revealed a significant and moderately positive correlation between organizational citizenship behaviors and job satisfaction.[74] Moreover, two recent and more extensive meta-analytic studies indicated that OCBs were significantly related to both individual-level consequences (e.g., performance appraisal ratings, intentions to quit, absenteeism, and turnover) and organizational-level outcomes (e.g., productivity, efficiency, lower costs, customer satisfaction, and unit-level satisfaction and turnover).[75] These results are important for two reasons. First, exhibiting OCBs is likely to create positive impressions about you among your colleagues and manager. In turn, these impressions affect your ability to work with others, your manager's evaluation of your performance, and ultimately your promotability. Second, the aggregate amount of employees' OCBs affects important organizational outcomes. It thus is important for managers to foster an environment that promotes OCBs. Managers are encouraged to make and implement employee-related decisions in an equitable fashion in order to foster OCBs. More is said about this in Chapter 8.

connect Go to www.mcgrawhillconnect.com for a self-assessment to determine how satisfied you are with your present job.

organizational citizenship behaviors (OCBs) Employee behaviors that exceed work-role requirements.

Withdrawal Cognitions Although some people quit their jobs impulsively or in a fit of anger, most go through a process of thinking about whether or not they should quit. **Withdrawal cognitions** encapsulate this thought process by representing an individual's overall thoughts and feelings about quitting. What causes an individual to think about quitting his or her job? Job satisfaction is believed to be one of the most significant contributors. For example, a study of managers, salespersons, and auto mechanics from a national automotive retail store chain demonstrated that job dissatisfaction caused employees to begin the process of thinking about quitting. In turn, withdrawal cognitions had a greater impact on employee turnover than job satisfaction in this sample.[76] Results from this study imply that managers can indirectly help to reduce employee turnover by enhancing employee job satisfaction.

Turnover Let us consider the pros and cons of turnover before discussing the relationship between job satisfaction and turnover. Yes, turnover can be a good thing when a low-performing person like George Costanza from the *Seinfeld* show quits or is fired. This situation enables managers to replace the Georges of the world with better or more diverse individuals or to realign the budget. In contrast, losing a good employee is bad because the organization loses valuable human and social capital (recall our discussion in Chapter 1) and it can be costly.[77] Costs of turnover fall into two categories: separation costs and replacement costs.

Example. Separation costs may include severance pay, costs associated with an exit interview, outplacement fees, and possible litigation costs, particularly for involuntary separation. Replacement costs are the well-known costs of a hire, including sourcing expenses, HR processing costs for screening and assessing candidates, the time spent by hiring managers interviewing candidates, travel and relocation expenses, signing bonuses, if applicable, and orientation and training costs.[78]

Experts estimate that the cost of turnover for an hourly employee is roughly 30% of annual salary, whereas the cost can range up to 150% of yearly salary for professional employees.[79]

Although there are various things a manager can do to reduce employee turnover, many of them revolve around attempts to improve employees' job satisfaction. This trend is supported by results from a meta-analysis of 67 studies covering 24,556 people. Job satisfaction obtained a moderate negative relationship with employee turnover.[80] Given the strength of this relationship, managers are advised to try to reduce employee turnover by increasing employee job satisfaction. This recommendation is even more important for high performers.[81] For example, a recent survey of 20,000 high-potential employees indicated that 27% plan to find another job within a year.[82] Google seems to be aware of this issue in light of its decision to give all employees a 10% raise in 2010 despite a poor economy. Google obviously wanted to reduce defections of its talented workforce.[83]

Perceived Stress Stress can have very negative effects on organizational behavior and an individual's health. Stress is positively related to absenteeism, turnover, coronary heart disease, and viral infections. Based on a meta-analysis covering 11,063 individuals, Table 6–2 reveals that perceived stress has a strong, negative relationship with job satisfaction.[84] Perceived stress also was found to be negatively associated with employee engagement. We recommend that managers attempt to reduce the negative effects of stress by improving job satisfaction and encouraging employees to detach from work during off-job time (i.e., stop thinking about work).[85]

Job Performance One of the biggest controversies within OB research centers on the relationship between job satisfaction and job performance. Although researchers have identified eight different ways in which these variables are related, the dominant beliefs are either that satisfaction causes performance or performance causes satisfaction.[86] A team of researchers recently attempted to resolve this controversy through a meta-analysis of data from 312 samples involving 54,417 individuals.[87] There were two key findings from this study. First, job satisfaction and performance were moderately related. This is an important finding because it supports the belief that employee job satisfaction is a key work attitude managers should consider when attempting to increase employees' job performance. Second, the relationship between job satisfaction and performance was much more complex than originally thought. It is not as simple as satisfaction causing performance or performance causing satisfaction. Rather, researchers now believe both variables indirectly influence each other through a host of individual differences and work-environment characteristics. There is one additional consideration to keep in mind regarding the relationship between job satisfaction and job performance.

Researchers believe the relationship between satisfaction and performance is understated due to incomplete measures of individual-level performance. For example, if performance ratings used in past research did not reflect the actual interactions and interdependencies at work, inaccurate measures of performance served to lower the reported correlations between satisfaction and performance. Examining the relationship between *aggregate* measures of job satisfaction and organizational performance is one solution to correct this problem. In support of these ideas, a team of researchers conducted a recent meta-analysis of more than 5,000 business units. Results uncovered significant positive relationships between business-unit-level employee satisfaction and business-unit outcomes of productivity, turnover, absenteeism, and customer satisfaction.[88] It thus appears managers can positively affect a variety of important organizational outcomes such as performance and customer satisfaction by increasing employee job satisfaction.

Example. Occurrences of counterproductive work behavior like this generally increase during a recession.

LO.9 Counterproductive Work Behaviors

TO THE POINT

What are the causes of counterproductive work behaviors and how can managers prevent them?

In our discussion of job satisfaction, we noted that an absence of satisfaction may be associated with some types of undesirable behavior, such as low employee engagement and higher employee turnover. These costly behaviors, along with some that are even more disturbing, are part of a category of behavior known as **counterproductive work behaviors (CWBs),** types of behavior that harm employees, the organization as a whole, or organizational stakeholders such as customers and shareholder. Examples of CWBs include theft, gossiping, backstabbing, drug and alcohol abuse, destroying organizational property, violence, purposely doing bad or incorrect work, surfing the Net for personal use, excessive socializing, tardiness, sabotage, and sexual harassment.[89] Consider the following three examples:

Example. Recently, a Maryland man swiped 32 laptops from his nonprofit health-care employer and put them on eBay. A chief financial officer changed the color of the type on some spreadsheet data from black to white so as to render the fake

withdrawal cognitions Overall thoughts and feelings about quitting a job.

counterproductive work behaviors (CWBs) Types of behavior that harm employees and the organization as a whole.

numbers invisible while juicing the totals—and his bonus. One regional vice president for sales billed his corporate card $4,000 for Victoria's Secret lingerie—and not for his wife, either.[90]

Experts expect incidents like this to increase during the current recession.

Mistreatment of Others

Most forms of CWBs involve mistreatment of co-workers, subordinates, or even customers. For example, employees engage in harassment, bullying, or blatant unfairness. Unfortunately, a recent Zogby poll indicated that more than 50% of American adults had been bullied or witnessed bullying at work. Another poll of 12,000 people from 24 countries indicated that about 10% were harassed either sexually or physically at work.[91] Abuse by supervisors is especially toxic because employees report that when they feel they have been intimidated, humiliated, or undermined by an abusive supervisor, they are more likely to retaliate with counterproductive behavior aimed at the supervisor or their co-workers.[92] This type of response is especially likely when the organization does not provide channels through which employees can complain and find a resolution to the problem of mistreatment.

Violence at Work

Terrifying images of the shootings at Virginia Tech and that of US Representative Gabrielle "Gabby" Giffords and innocent bystanders in Tucson, Arizona, have brought home the urgency of protecting people in organizations from sudden acts of violence committed by insiders or outsiders. Often, co-workers are first to notice that an employee explodes in anger or seems depressed or troubled. Psychiatrist and consultant Roger Brunswick says, "Violence rarely begins with someone walking in and shooting others. Violence usually builds slowly and starts with bullying, intimidation and threats."[93] A first line of defense should be for the organization to set up and publicize how employees can report troubling behavior to their supervisor or human resource department. Pitney Bowes set up a hotline that employees can call anonymously to report any concerns, and it has trained managers to identify signs that something is wrong with an employee.[94]

Causes and Prevention of CWBs

Employers obviously want to prevent CWBs, so they need to know the causes of such behavior. A study that followed the work behaviors of more than 900 young adults for 23 years found that a diagnosis of conduct disorder in adolescence was associated with CWBs, but criminal convictions before entering the workforce were not associated with CWBs.[95] Personality traits and job conditions also could make CWBs more likely.[96] For example, young adults who scored higher on compulsion to adhere to norms, control their impulses, and avoid hostility tended not to use CWBs. They also were less likely to engage in CWBs if they had satisfying jobs that offered autonomy—and more likely to engage in CWBs if they had more resource power (such as more people to supervise). Intelligence may play a role, too. A study of applicants for law enforcement jobs found that higher scores for cognitive ability were associated with fewer reports of CWBs such as violence and destruction of property after candidates were hired.[97]

These findings suggest the following implications for management:

- Organizations can limit CWBs by hiring individuals who are less prone to engage in this type of behavior. Cognitive ability is associated with many measures of success, so it is a logical quality to screen for in-hiring decisions. Personality tests also may be relevant.

- Organizations should ensure they are motivating desired behaviors and not CWBs, for example, by designing jobs that promote satisfaction and by preventing abusive supervision. A study of 265 restaurants found that CWBs were greater in restaurants where employees reported abuse by supervisors and where managers had more employees to supervise.[98] CWBs in these restaurants were associated with lower profits and lower levels of customer satisfaction, so adequate staffing and management development could not only make employees' lives more pleasant but also improve the bottom line.
- If an employee does engage in CWBs, the organization should respond quickly and appropriately, defining the specific behaviors that are unacceptable and the requirements for acceptable behavior. Chapter 9 describes guidelines for giving effective feedback.

Summary of Key Concepts

1. *Explain Schwartz's value theory, and describe three types of value conflict.* Schwartz proposed that 10 core values guide our behavior across contexts and time (see Table 6–1). Each value possesses motivational mechanisms that drive behavior. Figure 6–1 further shows the relationships among the 10 values. Some are consistent and positively related, whereas others are inconsistent and conflict with each other. Three types of value conflict are intrapersonal, interpersonal, and individual–organization.
2. *Describe the values model of work–family conflict, and specify at least three practical lessons from work–family conflict research.* General life values determine one's values about family and work. Work–family conflict can occur when there is a lack of value similarity with family members. Likewise, work–family conflict can occur when one's own work values are not congruent with the company's values. When someone does not attain his or her values because of work–family conflicts, job or life satisfaction, or both, can suffer. Six practical lessons from work–family conflict research are the following: (*a*) work–family balance begins at home, (*b*) an employer's family-supportive philosophy is more important than specific programs, (*c*) informal flexibility in work hours and in allowing people to work at home is essential to promoting work–family balance, (*d*) supportive bosses and colleagues can help, (*e*) the importance of work–family balance varies across generations, and (*f*) one should take a proactive approach to managing work–family conflict.
3. *Identify the three components of attitudes and discuss cognitive dissonance.* The three components of attitudes are affective, cognitive, and behavioral. The affective component represents the feelings or emotions one has about a given object or situation. The cognitive component reflects the beliefs or ideas one has about an object or situation. The behavioral component refers to how one intends or expects to act toward someone or something. Cognitive dissonance represents the psychological discomfort an individual experiences when his or her attitudes or beliefs are incompatible with his or her behavior. There are three main methods for reducing cognitive dissonance: change an attitude or behavior, belittle the importance of the inconsistent behavior, and find consonant elements that outweigh dissonant ones.
4. *Explain how attitudes affect behavior in terms of Ajzen's theory of planned behavior.* Intentions are the key link between attitudes and behavior in Ajzen's model. Three determinants of the strength of an intention are one's attitude toward the behavior, subjective norm (social expectations and role models), and the perceived degree of one's control over the behavior. Intentions, in turn, are powerful determinants of behavior.
5. *Describe the model of organizational commitment.* Organizational commitment reflects how strongly a person identifies with an organization and is committed to its goals. Organizational commitment is composed of three related components: affective commitment, continuance commitment, and normative commitment. In turn, each of these components is influenced by a separate set of antecedents: An antecedent is something that causes the component of commitment to occur.
6. *Define the work attitudes of employee engagement and job satisfaction.* Employee engagement occurs when employees give it their all at work. It contains feelings of urgency, feelings of being focused, feelings of intensity, and feelings of enthusiasm. Job satisfaction reflects how much people like or dislike their jobs.
7. *Identify and briefly describe five alternative causes of job satisfaction.* They are need fulfillment (the degree to which one's own needs are met), discrepancies (satisfaction depends on the extent to which one's expectations are met), value attainment (satisfaction depends on the degree to which one's work values are fulfilled), equity (perceived fairness of input/outcomes determines one's level of satisfaction), and dispositional/genetic (job satisfaction is dictated by one's personal traits and genetic makeup).
8. *Identify eight important correlates/consequences of job cognitive dissonance, satisfaction, and summarize how each one relates to job satisfaction.* Table 6–2 reviews the correlates of job satisfaction.
9. *Identify the causes of counterproductive work behaviors and the measures used to prevent them.* Counterproductive

work behaviors (CWBs) may result from personal characteristics coupled with a lack of autonomy and job satisfaction. CWBs are more likely in situations where supervisors are abusive and responsible for many employees. Organizations can limit CWBs by hiring individuals with appropriate cognitive skills and personality traits. They can design jobs to promote satisfaction. They can develop managers to supervise effectively without abuse and should deliver immediate feedback and discipline if anyone engages in CWBs.

Key Terms

Attitude, 158
Affective component, 158
Cognitive component, 158
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OB in Action Case Study

Companies Are Trying to Improve Employee Attitudes during the Recession[99]

CEOs may have cut back sharply on management consulting in the last downturn, but that's not stopping Bain & Company's worldwide managing director, Steve Ellis, from doing the same thing Bain did during the dot-com bust: hiring. He's adding consultants in hot-growth areas such as emerging markets and corporate turnarounds, and he's more aggressively targeting former consultants who went to financial-services firms and are now "stranded." "This is a huge opportunity to grab very talented people," says Ellis.

For many managers, recessions prompt a near-autonomic reflex: Hunker down, reduce head count, and cut every cost you can. While a certain dose of those bitter pills is unavoidable, smart leaders see downturns as having plenty of upside, too. Talent is cheaper. Companies can gain market share as others cut back. And savvy investments give bold players a head start when the economy picks up.

Nowhere is that more true than in the care and feeding of employees. Even amid a hiring freeze or a workforce reduction, there are ways to engage top workers. As the housing market crumbled, Home Depot cut jobs in its corporate offices. It also closed 15 locations. Still, Chairman and Chief Executive Frank Blake wanted to boost morale and set realistic goals. In addition to extending restricted stock grants to assistant store managers, he lowered sales and profit targets that hourly employees have to meet to receive bonuses. As a result, says Marvin Ellison, Home Depot's new executive vice president for US stores, the highest percentage ever of in-store employees got bonuses in the first half of this year. "We still challenged people to hit some pretty tough numbers," Ellison says.

Keeping people focused amid mounting layoffs often requires a more emotional approach. Talking about the company's nonfinancial goals can help prevent productivity from grinding to a halt as anxious employees await their fate. And once cuts are made, managers need to take time to discuss them and why they happened. Ignoring the matter, says Christopher Rice, president and CEO of leadership consulting firm BlessingWhite, creates an atmosphere that's "like the most awkward Thanksgiving dinner. And it doesn't go away."

Amid pressure to downsize, it's easy to forget that talent retention is a critical concern during a recession. Michael Kesner, a principal at Deloitte Consulting's human capital practice, notes that "companies who took advantage of employees in past downturns were rewarded with people bailing when things turned around." To avoid that, some of Kesner's clients are adding more weight to factors employees can control—such as customer satisfaction scores or production levels—when deciding on bonuses. Others are creating discretionary bonus pools to reward poachable stars. And with some 63% of companies reporting that all or most of the stock options they've been granted in the past five years are underwater, according to a Deloitte survey of 151 companies, a few are considering the controversial step of repricing or exchanging them. Compensation research firm Equilar reports that 23 companies have done so since the beginning of the year, including R. H. Donnelley and software maker VMware.

Plain, Unvarnished Communication

There are other ways to make employees feel valued. Consider Best Buy, which has watched its stock plummet 40% over the past month and announced it will hire fewer seasonal employees amid a dismal holiday shopping outlook. One way the company has also tried to keep employees engaged is by setting up online surveys to solicit ideas for cutting costs. Some 900 ideas have emerged since the surveys were sent out three weeks ago. A couple of them: save shipping costs by consolidating distribution of in-store signs and use a computerized phone system to schedule service calls. As John Pershing, Best Buy's executive vice president for human capital, says: "When you know you can make a difference and you're part of a solution, it can change your mind completely."

Indeed the best strategy for managing talent, in good times and bad, remains plain, unvarnished communication. "People are looking for reassurances, for transparency, and they're not looking for surprises," says Edward E. Lawler III, director of the Center for Effective Organizations at the University of Southern California. A CEO town hall meeting is fine, but it's no substitute for reassurances from managers further down the line. Says Jon R. Katzenbach, a senior partner and founder at consultant Katzenbach Partners: "If you're scared and you're worried about your job, hearing the CEO telling you things are good isn't nearly as effective as (hearing it from) the person you have respect for because you've worked with them all along."

That said, symbolic gestures from CEOs can help employees feel that everyone is sharing the pain. JetBlue Airways CEO David Barger has cut back across the board over the past year—delaying aircraft orders, trimming head count through voluntary unpaid leaves, even shedding the free pillows from his planes. In July he cut his own salary, from $500,000 to $375,000 for the year. "There's an awful lot of pain that's taking place across the industry," says Barger. "It was just the right thing to do."

Questions for Discussion

1. Which of Schwartz's 10 values are driving the behavior of managers at Bain & Company, Home Depot, and Best Buy? Provide examples to support your conclusions.
2. How would you describe Steve Ellis's affective, cognitive, and behavioral components of his attitude toward managing in a recession? Be specific.
3. How are Home Depot and Best Buy trying to increase employee involvement?
4. Use Ajzen's theory of planned behavior (Figure 6–3) to analyze how managers can increase employee performance during a recession. Be sure to explain what managers can do to affect each aspect of the theory.
5. Based on what you learned in this chapter, what advice would you give to managers trying increase employees' organizational commitment and job satisfaction in a recession? Be specific.

Legal/Ethical Challenge

How Would You Handle a School District That May Have Used Webcams to Spy on Students?[100]

A recent lawsuit claimed that a Philadelphia school district "used the webcams in school-issued laptops to spy on students at home." School-district officials have not commented on the allegations. "Plaintiffs Michael and Holly Robbins suspect the cameras captured students and family members as they undressed and in other embarrassing situations, according to the suit."

District spokesperson Doug Young said that "we can categorically state that we are and have always been committed to protecting the privacy of our students."

"The Robbinses said they learned of the alleged webcam images when Lindy Matsko, an assistant principal at Harriton High School, told their son Blake that school officials thought he had engaged in improper behavior at home."

"'(Matsko) cited as evidence a photograph from the webcam embedded in minor plaintiff's personal laptop issued by the school district,' the suit states." The Robbinses, however, have not actually seen any photographs that may have been captured by school officials.

"Matsko later confirmed to Michael Robbins that the school had the ability to activate the webcams remotely."

What would you do if you were an educational official for the State of Pennsylvania?

1. Take a proactive approach and fire the superintendent of the school district and the principal at Harriton High School.
2. Get ahead of this case by putting the superintendent of the school district and the principal at Harriton High School on administrative leave until the case is resolved.
3. Admitting guilt could cost the school district a lot of needed money. Deny that you knew anything about spying on students with webcams and let the case run its course in the courts.
4. Invent other options.

Web Resources

For study material and exercises that apply to this chapter, visit our website at **www.mhhe.com/kreitner10e**