

# Organizational Behaviour



# Organizational Behaviour

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# Acknowledgement

## Acknowledgement

This Open Educational Resource (OER) was made possible through a Southern Alberta Institute of Technology (SAIT) mandate to help support the creation and implementation of OERs across the institution. With the aim to reduce student costs and focus on applied education, this resource is designed for students to connect the theories to the work environment.

Charissa and I would like to acknowledge Rose Campbell for her support to promote and encourage the development of these resources. We would also like to acknowledge Nazia Viceer, EdD and Roxanne Nelson for their help in evaluating the open resources available on Organizational Behaviour. Finally, we would like to acknowledge the unwavering support of Jessica Norman, MLS. Her passion and knowledge of OERs and improving access helped propel this project forward and allowed it to be brought together into its final form.

We hope that you enjoy and find this resource helpful!  
Kristene Collier, PhD and Charissa Lee, PhD Student

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This project is supported by the Reg Erhardt Library at SAIT, in partnership with University of Alberta Library's [Open Education Alberta](#) publishing project.

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# Introduction



## Organizational Behaviour

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Welcome to Organizational Behaviour! Organizational behaviour is a rare course where you can apply what you learn in the classroom to your everyday experiences. Whether you have worked in industry for 20 years or have just finished high school, organizational behaviour can be used to understand more about yourself, why some groups work effectively together while others are ineffective, and how organizations can respond to support the culture they want to create.

This course has been redesigned with you- the students- in mind. Feedback from students, instructors and a review of organizational trends have been assessed to provide students with exposure to the concepts and theories needed to prepare students for what to expect in business. As a result, materials and concepts have been selected to help you succeed in your chosen career path and make you a more valuable employee.

Some of the topics that will be covered include:

- Contemporary organizational trends

- Personality, attitudes, and behaviour
- Motivation
- Teams and team development
- Communication
- Power
- Conflict and negotiation
- Leadership
- Organizational change
- Organizational culture

These concepts will be examined using various materials including course readings, case studies, videos, and activities designed to apply the concepts in an interactive way. Your participation in class will be crucial to getting the most out of the course and leveraging your experiences. Reflecting on your past and present experiences will help you develop a deeper understanding of the concepts and appreciation of the complexity of organizational processes.

We hope you enjoy your experience in Organizational Behaviour and are able to use the concepts to advance your studies and career!

PART I  
CONTEMPORARY  
TRENDS IN  
ORGANIZATIONAL  
BEHAVIOUR



# Module Introduction



## Contemporary Trends in Organizational Behaviour

In the module, we will examine the contemporary trends in the field of Organizational Behaviour.

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### Learning Objectives

1. Define organizational behaviour
2. Understand the role of organizational behaviour in organizations
3. Explore the challenges faced by organizations today (technology, diversity, alternative work, ethics, etc.)

# What is Organizational Behaviour?



## What is Organizational Behaviour?

The study of the behavior of people in organizations is typically called organizational behavior. Here, the focus is on applying what we can learn from the social and behavioral sciences so we can better understand and predict human behavior at work. We examine such behavior on three levels—the individual, the group, and the organization. In all three cases, we seek to learn more about what causes people—individually or collectively—to behave as they do in organizational settings. What motivates people? What makes some employees leaders and others not? Why do groups often work in opposition to their employer? How do organizations respond to changes in their external environments? How do people communicate and make decisions? Questions like these are important to understanding how organizations work and will be the focus of this course.

Organizational behaviour draws on other fields such as;

psychology, sociology, and cultural anthropology to answer these and other questions. In addition, we can learn from economics and political science. All of these disciplines have something to say about life in organizations. However, what sets organizational behavior apart is its particular focus on the organization (not the discipline) in organizational analysis. Thus, if we wish to examine a problem of employee motivation, for example, we can draw upon economic theories of wage structures in the workplace. At the same time, we can also draw on the psychological theories of motivation and incentives as they relate to work. We can bring in sociological treatments of social forces on behavior, and we can make use of anthropological studies of cultural influences on individual performance. It is this conceptual richness that establishes organizational behavior as a unique applied discipline. And throughout our analyses, we are continually concerned with the implications of what we learn for the quality of working life and organizational performance. We always look for management implications so the managers of the future can develop more humane and more competitive organizations for the future.

---

## Building Blocks of Organizations

Understanding the behavior of people at work is fundamental to the effective management of an organization. Obviously, a number of factors come together to determine this behavior and its organizational consequences. In order to understand the origins and characteristics of these factors, it is necessary to have a model that organizes and simplifies the variables

involved. We offer such a model here in the hope that it will bring some order to the study of this subject. The model can be considered in two parts (see below).

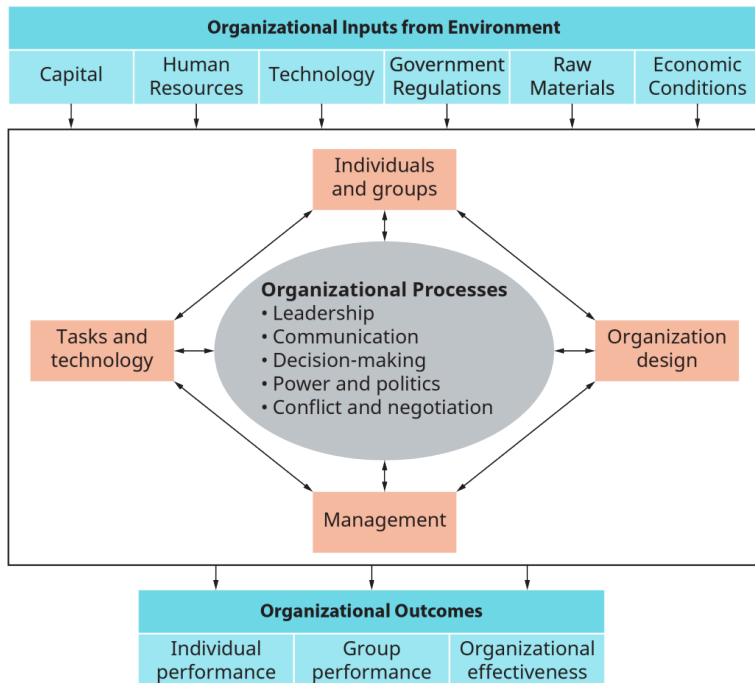


Figure 1.1: A Model of Management and Organizational Behavior (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)

The first part of the model is the simple recognition of organizational inputs and outcomes. That is, organizations receive inputs from the external environment in the form of capital, raw materials, labor, community or government support, and so forth. In addition, organizations experience or produce certain outcomes, including (1) organizational goal attainment, (2) group performance and effectiveness, and (3)

individual performance and effectiveness. Thus, organizations and the people in them exist in a constant state of flux, receiving and transforming inputs from the environment and returning those transformed inputs in the form of finished goods and services, return on stockholders' equity, salaries that are paid to employees, and so forth. It is, in short, a dynamic system.

The second aspect of the model is the organization itself and all of its parts. One way to understand the complexity of organizations is to think of them simply as a set of building blocks, including:

### ***Individuals and groups***

Organizations are collectives of individuals and groups working to pursue common objectives. Their members come from various backgrounds and have varying abilities and skills, differing motivational levels, and different ambitions. Within the organizational context, these people must communicate, make decisions, show leadership, and handle power and organizational politics as they carry out their assigned activities.

### ***Tasks and technology***

In addition to variations among individuals and groups, we must recognize variations in workplace technology. That is, how does the work actually get done? Technology includes both the actual design of jobs and the tools and techniques used in manufacturing (e.g., robotics and expert systems).

### ***Organization design***

Putting together these factors—individuals, groups, and tasks—is the subject of organization design. That is, how do we structure an organization so it effectively coordinates and controls employee behavior to facilitate performance?

### ***Organizational processes***

In addition to people, machines, and structure, we must recognize a series of organizational processes, such as leadership, communication, decision-making, power and

politics, and so forth. The processes largely determine the nature and quality of interpersonal and intergroup relations within the workplace and, as such, influence ultimate organizational performance.

***Management***

Finally, the glue that holds these building blocks together is the character of management. Throughout this course, we shall see numerous examples of how the degree of managerial effectiveness has determined a venture's success or failure.

# Classroom Activity: Contemporary Trends in OB



## Contemporary Trends in OB

**Purpose:** Organizational behaviour involves understanding individual, team, and organization-wide processes that provide an opportunity for businesses to understand how people come together to complete a variety of tasks and activities. Given that organizations operate within an open system- that is, they are influenced by internal and external forces that impact their operations, organizations need to respond to these trends promptly to maintain their efficiency and effectiveness.

The purpose of this assignment is to examine the current organizational trends that organizations are currently facing. These trends will be examined throughout the course and this discussion will provide a framework for understanding the concepts discussed moving forward.

**Time frame:** Approximately 45 minutes (10 minutes to

identify organizational trends, 15 minutes to research, 20 minutes for classroom presentations and discussion).

**Instructions:**

1. In groups of 4 -5 people discuss some of the challenges that organizations are currently confronted with.
2. Pick one trend to learn about in more detail.
3. Define the trend and highlight the key stakeholders impacted by the trend.
4. Discuss the challenges or threats that this trend could have on the organization.
5. Discuss the opportunities or benefits that this trend could have on the organization.
6. Examine how organizational behaviour concepts could help address these issues (design thinking)
7. Be prepared to discuss your findings with the class.

# Trends in Organizational Behaviour



Organizations operate in what we refer to as an open system. This means organizations are influenced by various forces both internal and external in their operations. As a result, organizations are required to look at aspects of their organization that can change like; structure, design, and culture of the organization (internal forces), and aspects that they cannot like; population demographics, technology, attitudes towards diversity, etc. These forces continue to influence decisions that organizations make on an ongoing basis to maintain their efficiency and effectiveness. This section will outline some of the current trends in organizational behaviour.

---

## Lack of Employee

# Engagement

Studies suggest that fostering engagement, a concept related to passion, in employees has a significant impact on the corporate bottom line. Gallup, for instance, has been at the forefront of measuring the impact of employee engagement. **Employee engagement** is a concept that is generally viewed as managing discretionary effort, that is, when employees have choices, they will act in a way that furthers their organization's interests. An engaged employee is a person who is fully involved in and enthusiastic about their work.[1] The consulting firm BlessingWhite offers this description of engagement and its value: "Engaged employees are not just committed. They are not just passionate or proud. They have a line of sight on their own future and on the organization's mission and goals. They are 'enthused' and 'in gear' using their talents and discretionary effort to make a difference in their employer's quest for sustainable business success".[2]

Engaged employees are those who are performing at the top of their abilities and are happy about it. According to statistics that Gallup has drawn from 300,000 companies in its database, 75%–80% of employees are either "disengaged" or "actively disengaged".[3]

That's an enormous waste of potential. Consider Gallup's estimation of the impact if 100% of an organization's employees were fully engaged:

- Customers would be 70% more loyal.
- Turnover would drop by 70%.
- Profits would jump by 40%.

Job satisfaction studies in the United States routinely show job satisfaction ratings of 50%–60%. But one recent study by Harris Interactive of nearly 8,000 American workers went a step further.[5] What did the researchers find?

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

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

---

## Technology

Technology has transformed the way work gets done and has created many great opportunities. The intersection of increasing personal computing power, the Internet, as well as nanotechnology are allowing things to be created that were not even imaginable 50 years ago. And the rate of technological change is not expected to slow down anytime soon. Gordon Moore, a co-founder of Intel Corp., shocked the world in 1975 with what is now termed Moore's Law, which states that computing power doubles every 2 years. This explains why a 4-year-old computer can barely keep up with the latest video game you have purchased. As computers get faster, new software is written to capitalize on the increased computing power.

We are also more connected by technology than ever before. It is now possible to send and receive e-mails or text messages with your coworkers and customers regardless of where in the world you are. Over 100 million adults in the United States use e-mail regularly (at least once a day)[5] and Internet users around the world send an estimated 60 billion e-mails every day[6], making e-mail the second most popular medium of communication worldwide, second only to voice. Technology

has also brought plenty of challenges to individuals and organizations alike. To combat the overuse of e-mail, companies such as Intel have instituted “no e-mail Fridays,” in which all communication is done via other communication channels. The technology trend contains challenges for organizational behavior.

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## Employment Changes: Aging Workforce and the Millennial Generation

You have probably heard that the workforce is aging. Over the next 30 years, 76 million baby boomers will retire, but there will only be 46 million new workers from Generation X and Y entering the labor force. This demographic trend creates both challenges and opportunities for organizations. The aging trend has been predicted for decades. “The number of U.S. workers over the age of 40 has increased significantly over the past 30 years. By 2010, more than 51% of the workforce will be 40 or older, up almost 20% over 30 years. At the same time, the portion of the workforce aged 25 to 39 will decline by nearly 3%. The number of workers aged 55 and older will grow from 13% of the labor force in 2000 to 20% in 2020”.[7] There will be a record number of retirements. Aging workforces can create great opportunities for industries such as health care, but it can also mean great challenges lie ahead as entire industries related to basic infrastructure face massive retirement projections. For example, everything from air traffic controllers to truck drivers are predicted to be in huge demand as thousands of retiring workers leave these industries at roughly the same time.[8]

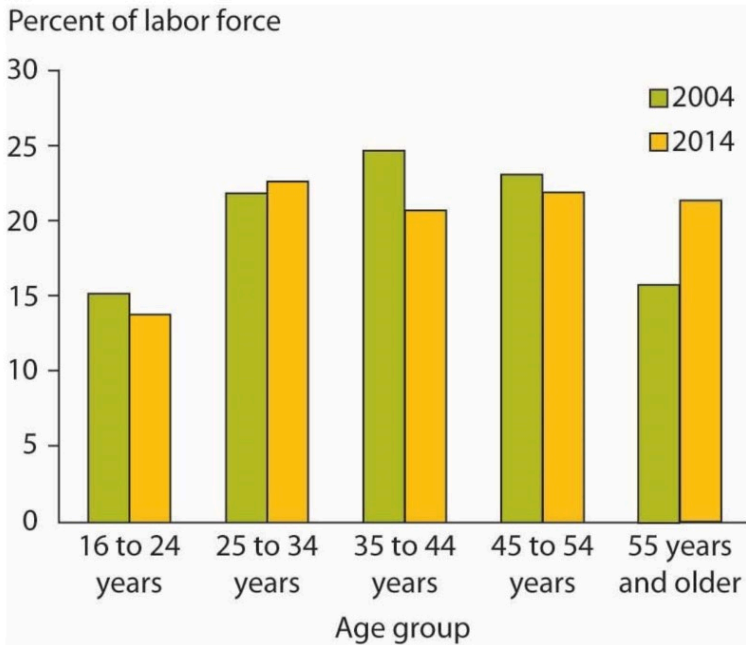


Figure 1.2: Percentage of Labor Force by Age Group for 2004 and Projections for 2014

Source: U.S. Department of Labor, Bureau of Labor Statistics Occupational Outlook Handbook 2006–2007 edition. Retrieved October 15, 2007, from <http://www.bls.gov/oco/images/ocotjc03.gif>.

The Millennial Generation (which includes those born between 1980 and 2000) differs from previous generations in terms of technology and multitasking as a way of life. Having never known anything different, this population has technology embedded in their lives. In addition, they value teamwork, feedback, and challenging work that allows them to develop new skills. If you are in this generation or know those who are, you know there is an expectation of immediate interaction.[9] The challenge for organizational behavior is to

keep individuals from different generations communicating effectively and managing people across generational lines despite different values placed on teamwork, organizational rewards, work–life balance, and desired levels of instruction.

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## Diversity, Equity, and Inclusion

**Diversity** refers to identity-based differences among and between two or more people that affect their lives as applicants, employees, and customers. These identity-based differences include such things as race and ethnicity, gender, sexual orientation, and age. Groups in society based on these individual differences are referred to as **identity groups**. These differences are related to discrimination and disparities between groups in areas such as education, housing, healthcare, and employment. The term **managing diversity** is commonly used to refer to ways in which organizations seek to ensure that members of diverse groups are valued and treated fairly within organizations in all areas including hiring, compensation, performance evaluation, and customer service activities. The term valuing diversity is often used to reflect ways in which organizations show appreciation for diversity among job applicants, employees, and customers.[10] **Inclusion**, which represents the degree to which employees are accepted and treated fairly by their organization[11], is one way in which companies demonstrate how they value diversity. In the context of today's rapidly changing organizational environment, it is more important than ever to understand diversity in organizational contexts and make progressive strides toward a more inclusive, equitable, and representative workforce.

# The Challenge of Ethical Behaviour

Finally, the future will bring a renewed concern with maintaining high standards of ethical behavior in business transactions and in the workplace. Many executives and social scientists see unethical behavior as a cancer working on the fabric of society both in business and beyond. Many are concerned that we face a crisis of ethics in the West that is undermining our competitive strength. This crisis involves business, governments, customers, and employees. Especially worrisome is unethical behavior among employees at all levels of the organization. For example, recent reports found that employees and vendors accounted for a higher percentage of thefts than did retail customers.[12]

In addition, we hear about illegal and unethical behavior on Wall Street—pension scandals in which disreputable executives gamble on risky business ventures with employee retirement funds, companies that expose their workers to hazardous working conditions, and blatant favoritism in hiring and promotion practices. Although such practices occur throughout the world, their presence nonetheless serves to remind us of the challenges we face.

This challenge is especially difficult because standards for what constitutes ethical behavior lie in a “gray zone” where clear-cut right-or-wrong answers may not always exist. For example, if you were a sales representative for an American company abroad and your foreign competitors used bribes to get business, what would you do? In the United States and Canada, such behavior is illegal, yet it is perfectly acceptable in other countries. What is ethical here? Similarly, in many countries women are systematically discriminated against in the workplace; it is felt that their place is in the home. In the United States and Canada, again, this practice is illegal. If you

run an American company in one of these countries, would you hire women in important positions? If you did, your company might be isolated in the larger business community, and you might lose business. If you did not, you might be violating what most North Americans believe to be fair business practices.

---

## Sustainability and Green Business Practices

Social responsibility is not just something organizations do at the price of profits. It can also lead to superior results. Environmentally Neutral Design (END) has designed a shoe that reduces the amount of material needed so it costs less to produce and is the lightest performance shoe on the market.

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

Toyota Prius, which combines combustion engine efficiency with hybrid electric technology, have been dramatic and have helped propel Toyota to record market share and profits. An unlikely leader in the sustainability movement is Wal-Mart. Wal-Mart hired Adam Werbach, the former president of the Sierra Club, to help train 1.3 million North American Wal-Mart employees about sustainability. Wal-Mart has also been pressuring suppliers to produce compact fluorescent lightbulbs with less mercury and has slashed the resources needed in packaging by requiring all suppliers to make packages smaller.[13] In the future, increasing interdependence between businesses, governmental agencies, and NGOs is bound to effect change throughout the economy.[15]

# Classroom Activity: Understanding the Principles of Organizational Behaviour



## Understanding the Principles of Organizational Behaviour

**Purpose:** The purpose of this assignment is to examine the guiding principles of organization behaviour (OB). These principles are important to guide discussions around OB and frame our understanding of key concepts like motivation, team dynamics, etc.

**Time frame:** Approximately 40 minutes (20 minutes to watch the video, 10 minutes to answer the questions in small groups, and 10 minutes for classroom discussion).

**Instructions:**

Watch [Dan Ariely: What makes us feel good about our work](#) and answer the following questions:

1. Why is it important for OB to take a scientific approach to discussing concepts like motivation?
2. Dan Ariely comes from the field of psychology, what can OB learn from disciplines outside of business?
3. OB addresses individual, team, and organization-wide concepts and processes. Explain how the ideas presented by Ariely could be applied at each level of analysis.
4. Using the examples provided in the video, how does your program incorporate the concepts highlighted in the video?
5. How can you use the principles highlighted in the video in your personal and/or professional life?

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PART II

INDIVIDUAL  
DIFFERENCES IN  
ORGANIZATIONS



# Module Introduction



## Individual Differences in Organizations

Our behaviour is shaped by our perceptions, personalities, values, and attitudes. In this module, you will learn how perceptions and perceptual errors affect the way you see the world and the people around you. You will also examine how personality characteristics affect your behaviour and the behaviour of others in the workplace. In addition, you will identify how our own personal values and the diverse values we observe across different generations and different cultures impact workplace behaviour. You will also investigate your attitudes about the organizations in which we work.

Learning about perception, personality, values, and attitudes will help you to understand how people in organizations can appreciate diversity and enhance their job satisfaction and organizational commitment.

# Learning Objectives

1. Define perception, personality, emotions, values, attitudes, and job satisfaction.
2. Describe how individual differences impact behaviour.
3. Recognize the role of personality and perceptual biases on decision-making in organizations.
4. Recognize the role of emotions, emotional intelligence, and attitudes on behaviour in organizations.
5. Understand key concepts related to job satisfaction and organizational commitment.

# Individual Differences and Behaviour in the Workplace



## Individual Differences and Behaviour in the Workplace

In any workplace, there are a variety of individual differences that influence the behavior of employees. These individual differences can manifest in many ways, including differences in personality, values, beliefs, cultural background, and experience. These differences can have a significant impact on how people interact with each other and how they approach their work.

Understanding individual differences and how they impact behavior in the workplace is important for creating a positive and productive work environment. By recognizing and valuing these differences, organizations can promote diversity, equity, and inclusion, and foster a culture of respect and collaboration

among employees. Moreover, individual differences can also influence job satisfaction, employee engagement, and overall performance in the workplace. Organizations that recognize and leverage the unique strengths of their employees can better tap into their full potential and create a more fulfilling work experience for everyone.

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## The Role of Person-Organization Fit

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

When hiring employees, companies are interested in assessing at least two types of fit. **Person-organization fit** refers to the degree to which a person's values, personality, goals, and other characteristics match those of the organization. **Person-job fit** is the degree to which a person's

skill, knowledge, abilities, and other characteristics match the job demands. Thus, someone who is proactive and creative may be a great fit for a company in the high-tech sector that would benefit from risk-taking individuals but may be a poor fit for a company that rewards routine and predictable behavior, such as accountants. Similarly, this person may be an excellent fit for a job such as a scientist, but a poor fit for a routine office job.

The first thing many recruiters look at is the person–job fit. This is not surprising, because person–job fit is related to a number of positive work attitudes such as satisfaction with the work environment, identification with the organization, job satisfaction, and work behaviors such as job performance. Companies are often also interested in hiring candidates who will fit into the company culture (those with a high person–organization fit). When people fit into their organization, they tend to be more satisfied with their jobs, more committed to their companies, and more influential in their companies, and they actually remain longer in their companies[1]. One area of controversy is whether these people perform better. Some studies have found a positive relationship between person–organization fit and job performance, but this finding was not present in all studies, so it seems that fitting with a company’s culture will only sometimes predict job performance[2]. It also seems that fitting in with the company culture is more important to some people than to others. For example, people who have worked in multiple companies tend to understand the impact of a company’s culture better, and therefore they pay more attention to whether they will fit in with the company when making their decisions[3]. Also, when they build good relationships with their supervisors and the company, being a misfit does not seem to lead to dissatisfaction on the job[4].

# Case Study: The Impact of Personality on Team Dynamics



## The Impact of Personality in the Workplace

**Personality** is a set of enduring traits, characteristics, and patterns of thoughts, feelings, and behaviors that distinguish individuals from one another. Personality is relatively stable over time and across situations, and it shapes how individuals perceive and interact with the world around them[4].

Several aspects of this definition should be noted. First, personality is best understood as a constellation of interacting characteristics; it is necessary to look at the whole person when attempting to understand the phenomenon and its effects on subsequent behavior. Second, various dimensions of personality are relatively stable over time. Although changes—especially evolutionary ones—can occur, we seldom

see significant changes in the personality of a normal individual. And third, the study of personality emphasizes both similarities and differences across people.

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## Influences on Personality Development

Five major categories of determinants of personal traits may be identified: physiological, cultural, family and social group, role, and situational determinants.

### Physiological Determinants

Physiological determinants include factors such as stature, health, and sex that often act as constraints on personal growth and development. For instance, tall people often tend to become more domineering and self-confident than shorter people. Traditional sex-role stereotyping has served to channel males and females into different developmental patterns. For example, males have been trained to be more assertive and females more passive.

### Cultural Determinants

Because of the central role of culture in the survival of a society, there is great emphasis on instilling cultural norms and values in children growing up. For instance, in capitalist societies, where individual responsibility is highly prized, emphasis is placed on developing achievement-oriented, independent,

self-reliant people, whereas in socialistic societies, emphasis is placed on developing cooperative, group-oriented individuals who place the welfare of the whole society ahead of individual needs. Cultural determinants affect personality traits. As Mussen notes, "The child's cultural group defines the range of experiments and situations he is likely to encounter and the values and personality characteristics that will be reinforced and hence learned." [5]

## Family and Social Group Determinants

Perhaps the most important influences on personal development are family and social group determinants. For instance, it has been found that children who grow up in democratic homes tend to be more stable, less argumentative, more socially successful, and more sensitive to praise or blame than those who grow up in authoritarian homes. One's immediate family and peers contribute significantly to the socialization process, influencing how individuals think and behave through an intricate system of rewards and penalties.

## Role Determinants

People are assigned various roles very early in life because of factors such as sex, socioeconomic background, and race. As one grows older, other factors, such as age and occupation, influence the roles we are expected to play. Such role determinants often limit our personal growth and development as individuals and significantly control acceptable behavior patterns.

## Situational Determinants

Finally, personal development can be influenced by situational determinants. These are factors that are often unpredictable, such as a divorce or death in the family. For instance, James Abegglen studied 20 successful male executives who had risen from lower-class childhoods and discovered that in three-fourths of the cases these executives had experienced some form of severe separation trauma from their fathers. Their fathers (and role models) had either died, been seriously ill, or had serious financial setbacks. Abegglen hypothesized that the sons' negative identification with their fathers' plights represented a major motivational force for achievement and success.[6]

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## Personality Assessments

A **personality assessment** is a tool or test that is used to measure and evaluate an individual's personality traits, characteristics, and patterns of behavior. Our personality differentiates us from other people, and understanding someone's personality gives us clues about how that person is likely to act and feel in a variety of situations. In order to effectively manage organizational behaviour, an understanding of different employees' personalities is helpful. Having this knowledge is also useful for placing people in jobs and organizations.

If personality is stable, does this mean that it does not change? You probably remember how you have changed and evolved as a result of your own life experiences, the attention you received in early childhood, the style of parenting you were exposed to, successes and failures you had in high school, and

other life events. In fact, our personality changes over long periods of time. For example, we tend to become more socially dominant, more conscientious (organized and dependable), and more emotionally stable between the ages of 20 and 40, whereas openness to new experiences may begin to decline during this same time[7]. In other words, even though we treat personality as relatively stable, changes occur.

Personality assessments can take many different forms, ranging from self-report questionnaires to behavioral observations to projective techniques. Self-report questionnaires are the most common type of personality assessment and involve individuals answering a series of questions about their thoughts, feelings, and behaviors.

There are many different types of personality assessments, each with its own strengths and weaknesses. Some assessments are designed to measure specific personality traits, such as the Big Five personality traits (openness, conscientiousness, extraversion, agreeableness, and neuroticism), while others, like Myer-Briggs Type Indicator (MBTI) are more comprehensive and categorize individuals into one of 16 personality types.

It's important to note that personality assessments are not perfect and should be used in conjunction with other sources of information. That being said, they are important for several reasons:

1. **Self-awareness** ~ Personality assessments can provide individuals with insights into their own personality traits, strengths, and weaknesses. This can lead to greater self-awareness and help individuals understand how they interact with others.
2. **Career Development** ~ Personality assessments can help individuals identify careers that align with their personality traits and strengths. This can lead to greater job satisfaction and career success.

3. **Relationship Building** ~ Understanding one's own personality traits and those of others can lead to more effective communication and relationship building, both in the workplace and in personal relationships.
4. **Personal Growth** ~ Personality assessments can provide a starting point for personal growth and development. By identifying areas for improvement, individuals can work on developing new skills and strategies for interacting with others.
5. **Team Building** ~ Completing personality assessments can be useful in team building by helping team members understand each other's strengths, weaknesses, and communication styles. This can lead to more effective collaboration and higher levels of productivity.
6. **Customer Service** ~ Understanding personality traits can be useful in customer service, as employees who are skilled at adapting their communication style to match the personality of the customer may be more successful in resolving issues and providing a positive customer experience.

Overall, completing personality assessments can be an important step in personal and professional development. By gaining insights into one's own personality and those of others, individuals can develop new skills and strategies for interacting with others, which can lead to greater success and satisfaction in all areas of life.

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## Big Five Personality Traits

In every language, there are many words describing a person's personality. In fact, in the English language, more than 15,000

words describing personality have been identified. When researchers analyzed the terms describing personality characteristics, they realized that there were many words that were pointing to each dimension of personality. When these words were grouped, five dimensions seemed to emerge that explain a lot of the variation in our personalities[8]. Keep in mind that these five are not necessarily the only traits out there. There are other, specific traits that represent dimensions not captured by the Big Five. Still, understanding the main five traits gives us a good start for describing personality.

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

**Figure 2.1:** *Big Five Personality Traits*

Where do you score on each of the [Big Five Personality Traits](#)?

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## Myers-Briggs Type Indicator

Aside from the Big Five personality traits, perhaps the most well-known and most often used personality assessment is the Myers-Briggs Type Indicator (MBTI). Unlike the Big Five, which

assesses traits, MBTI measures types. Assessments of the Big Five do not classify people as neurotic or extrovert: It is all a matter of degrees. MBTI on the other hand classifies people as one of 16 types[9]. In MBTI, people are grouped using four dimensions. Based on how a person is classified on these four dimensions, it is possible to talk about 16 unique personality types, such as ESTJ and ISTP.

MBTI has become immensely popular, and according to one estimate; around 2.5 million people take the test annually. The survey is criticized because it relies on types as opposed to traits, but organizations who use the survey find it very useful for training and team-building purposes. More than 80 of the Fortune 100 companies used Myers-Briggs tests in some form. One distinguishing characteristic of this test is that it is explicitly designed for learning, not for employee selection purposes. In fact, the Myers & Briggs Foundation has strict guidelines against the use of the test for employee selection. Instead, the test is used to provide mutual understanding within the team and to gain a better understanding of the working styles of team members.[10]

**EI** **Extraversion:** Those who derive their energy from other people and objects.

**Introversion:** Those who derive their energy from inside themselves.

**SN** **Sensing:** Those who rely on their five senses to perceive the external environment.

**Intuition:** Those who rely on their intuition and hunches to perceive the external environment.

**TF** **Thinking:** Those who use their logic to arrive at solutions.

**Feeling:** Those who use their values and ideas about what is right and wrong to arrive at solutions.

**JP** **Judgment:** Those who are organized, systematic, and would like to have clarity and closure.

**Perception:** Those who are curious, open-minded, and prefer to have some ambiguity.

*Figure 2.2: Summary of MBTI Types*

Where do you score on each of the [Myers-Briggs Type Indicators?](#)

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## The Application of Personality in the Workplace

Personality can be assessed using various methods, including self-report questionnaires, behavioral observations, and

projective techniques. The study of personality is a central area of research in psychology and has practical applications in fields such as business, education, and mental health.

In business, personality has many applications, including:

1. **Hiring** ~ Personality assessments can be used in the hiring process to identify candidates whose personality traits align with the company's culture and values. This can help increase employee retention, and job satisfaction, and reduce turnover.
2. **Team Building** ~ Understanding personality traits can help managers build more effective teams by considering factors such as team dynamics, communication styles, and individual strengths and weaknesses. This can lead to more successful collaborations and higher levels of productivity.
3. **Leadership** ~ Leaders who understand their own personality traits and those of their team members can use this knowledge to adapt their leadership style to better communicate with and motivate their team members.
4. **Conflict Resolution** ~ Conflicts can arise in any workplace, and understanding personality traits can help managers and employees to better understand each other's perspectives and work together to find solutions.
5. **Training and Development** ~ Personality assessments can help identify areas for professional development and training. For example, an assessment can reveal an employee's strengths and weaknesses and provide insights into how to improve performance.
6. **Customer Service** ~ Understanding personality traits can be useful in customer service, as employees who are skilled at adapting their communication style to match the personality of the customer may be more successful in resolving issues and providing a positive customer

experience.

# Classroom Activity: And the Personality is...



## And the Personality is...

**Purpose:** It is important to understand our personality, however, it is equally important for us to be able to recognize the personality of other people as well. Recognizing the personality of other people helps us develop strategies to work more effectively with others. The purpose of this activity is to give us practice identifying the personality of other individuals and provide evidence for our assumptions.

**Timeframe:** 40 minutes (10 minutes to choose a public figure, 15 minutes to research and discuss, 10 minutes classroom discussion/presentation)

### **Instructions:**

1. In groups of 3 – 4 choose a public figure (I.e., Elon Musk, Jeff Bezos, Oprah, etc.)
2. Using publicly available information, identify what personality characteristics you believe your leader

possesses using the MBTI or the Big 5 Personality characteristics.

3. Provide specific examples to help support the personality profile of the leader you chose.
4. Be prepared to present your findings to the class.

# Classroom Activity: Discovering Personality



## Discovering Personality

**Purpose:** Understanding our personality has important implications for our personal and professional lives. It impacts the way we view ourselves, the way we interact with others and can influence the way we perceive the world around us. The purpose of this activity is to learn about our personality and reflect on how it impacts our interactions with others.

**Timeframe:** Approximately 1 hour (30 minutes to complete the personality tests, 10 minutes reflection, 20 minutes classroom discussion)

Instructions:

1. Go to the website [truity.com](https://www.truity.com) and complete the 16 types (MBTI) and the Big 5 personality tests.
2. Were the results of the personality tests the same? Different?
3. Do you believe that the results were accurate based on

what you know about yourself? How so? Were there parts of the personality test that were not accurate?

4. How could you use your understanding of your personality to:
  - a) Communicate with friends and family?
  - b) Work with others as part of a team?
  - c) Identify what careers may or may not be a good fit for you?

# Classroom Activity: Job Postings and Personality



## Job Postings and Personality

**Purpose:** Job postings are designed to help organizations recruit appropriate applicants to their organization. They often include specific words and terminology that help a job seeker understand if the job and organizational environment would be appropriate for the individual looking to apply. The purpose of this activity is for students to connect what they have learned about their own personality to current job postings available in their chosen field.

**Timeframe:** Approximately 40 minutes (10 minutes to locate job postings, 20 minutes to discuss in a group, 10-minute classroom discussion)

### Instructions:

1. In groups of 2 – 3 people locate two job postings. One job

posting should be an **ideal job** for you while the second should be a job posting that you would **NOT** apply for.

2. Using what you have learned about personality, discuss why the first job posting would be a good fit for you. Be specific in using the terms that you have learned about personality to explain why this position is a good fit.
3. Using what you have learned about personality, discuss why the second job posting would NOT be a good fit for you. If you needed to accept this position, explain how you still be successful in the role despite it not matching your personality preferences.

# Emotions in the Workplace



## Emotions in the Workplace

The root of the word **emotion** comes from a French term meaning “to stir up.” More formally, an emotion is defined as a short, intense feeling resulting from some event. Not everyone reacts to the same situation in the same way.

Emotions play a significant role in the workplace, both for individuals and for organizations as a whole. Emotions can affect employee motivation, job satisfaction, and performance, as well as organizational culture and productivity. Emotions in the workplace can be positive or negative and can be influenced by a variety of factors, including job demands, interpersonal relationships, and organizational culture. Positive emotions, such as happiness, enthusiasm, and pride, can enhance creativity, problem-solving, and teamwork. In contrast, negative emotions, such as anger, frustration, and anxiety, can lead to conflict, stress, and burnout.

Emotions shape an individual’s belief about the value of a

job, a company, or a team. Emotions also affect behaviours at work. Managing emotions in the workplace is an important skill for employees at all levels. Individuals who are able to regulate their emotions effectively are better equipped to handle challenging situations, maintain positive relationships with coworkers, and perform at their best. **Emotional intelligence**, which refers to the ability to recognize, understand, and manage one’s own emotions as well as those of others, is a key factor in emotional management and workplace success.

Organizations can also play a role in managing emotions in the workplace. This can include developing policies and practices that promote a positive work environment, providing resources and support for employees who are struggling with emotional challenges, and fostering a culture of emotional intelligence and awareness.

Jobs that are high in negative emotion can lead to frustration and burnout—an ongoing negative emotional state resulting from dissatisfaction. Depression, anxiety, anger, physical illness, increased drug and alcohol use, and insomnia can result from frustration and burnout, with frustration being somewhat more active and burnout more passive. The effects of both conditions can impact coworkers, customers, and clients as anger boils over and is expressed in one’s interactions with others.

---

# Types of Emotions



*Attribution: Girlfriends reading by Gary Barnes used under a Pexel free use licence.*

**Positive emotions** such as joy, love, and surprise result from our reaction to desired events. In the workplace, these events may include achieving a goal or receiving praise from a superior. Individuals experiencing a positive emotion may feel peaceful, content, and calm.

A positive feeling generates a sensation of having something you didn't have before. As a result, it may cause you to feel fulfilled and satisfied. Positive feelings have been shown to dispose a person to optimism, and a positive emotional state can make difficult challenges feel more achievable[11]. This is because being positive can lead to upward positive spirals where your good mood brings about positive outcomes, thereby reinforcing the good mood[12].

Emotions are also useful for creative tasks because positive individuals tend to be more creative and open to new ideas. In addition to helping with employee creativity, companies such as Microsoft Corporation often want to understand which features of their products produce not just high ratings for usability but also high emotional ratings. Individuals with strong positive emotional reactions are more likely to use their product and recommend it to others[13]. This is something Apple Inc. has been known for doing well, as their products tend to evoke strong positive emotions and loyalty from their users.



*Attribution: "Man showing distress" by Andrea Piacquadio used under a Pexel free use licence.*

**Negative emotions** such as anger, fear, and sadness can result from undesired events. In the workplace, these events may include not having your opinions heard, a lack of control over your day-to-day environment, and unpleasant interactions with colleagues, customers, and superiors. Negative emotions

play a role in the conflict process, with those who can manage their negative emotions finding themselves in fewer conflicts than those who do not.

The unwanted side effects of negative emotions at work are easy to see: An angry colleague is left alone to work through the anger; a jealous colleague is excluded from office gossip, which is also the source of important office news. But you may be surprised to learn that negative emotions can help a company's productivity in some cases. Anger at another company's success, for example, can spark a burst of positive effort on behalf of a competitor. Jealousy about another division's sales figures may inspire a rival division to work harder. While negative emotions can be destructive in the workplace, they can inspire bursts of valuable individual action to change situations that aren't working the way they should[14]. The key is to promote positive emotions and work to manage the negative ones so they don't spread throughout the organization and become the norm.

---

# Emotional Contagion

Both positive and negative emotions can be contagious, with the spillover of negative emotions lasting longer than positive emotions[15]. As you may have experienced in the past, contagion can be especially salient in a team setting. Research shows that emotions are contagious and that team members affect one another even after accounting for team performance[16]. One explanation for negative emotions' tendency to linger may be a stronger connection to the fight-or-flight situations people experience. Anger, fear, and suspicion are intentionally unpleasant messages urging us to take action immediately. And to make sure we get the message, these emotions stick around.

Research shows that some people are more susceptible to emotional contagion than others[17]. But in general, when the boss is happy, the staff is happy[18]. We can also imagine how negative emotions can be transferred. Imagine you're working behind the counter at a fast-food restaurant. Your mood is fine until a customer argues with you about an order. You argue back. The customer leaves in a huff. Your anger and emotions continue, turning into negative feelings that last throughout the day. As you might guess, you are more likely to make mistakes and find ordinary challenges annoying when you're experiencing negative emotions. Unchecked, your negative emotions can spread to those around you. A negative interaction with one customer can spill over into interactions with another customer[19].

---

# Practice Changing Your Emotion

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

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

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

***Answer these questions to find out:***

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

***Now, let's try the opposite:*** Close your eyes and breathe in and out slowly, as detailed above, to clear your "emotional slate." Then open your eyes. Pull down the corners of your mouth. Open your eyes

wide. You have just signaled to your body that something negative has taken place.

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

**Now consider this:** Dr. Aston Trice of Mary Baldwin College in Virginia found that humor has mood-altering effects. Subjects were given a frustrating task. Then, one-half were shown cartoons. Those who had seen the cartoons overcame their frustration and attacked a new test with renewed enthusiasm and confidence, compared to those subjects who hadn't had the humorous interlude[20].

---

## Emotional Labour

**Emotional labour** is the effort required to manage one's own emotions or the emotions of others in order to meet job requirements. Emotional labour can involve regulating one's own emotions to present a particular image or to meet job demands, as well as displaying appropriate emotions in response to the emotions of others[21].



Photo by Clem Onojeghuo from Pexel

Examples of emotional labour may include customer service representatives who are required to remain calm and polite even in the face of difficult or angry customers, or nurses who must provide emotional support to patients and families who are experiencing stress or grief.

Emotional labour can be challenging and can take a toll on an individual's emotional well-being, especially if it requires suppressing one's true emotions or constantly putting on a facade. Some researchers have suggested that certain professions or industries may be more likely to require emotional labour, such as service industries, healthcare, and education.

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

Three major levels of emotional labour have been identified[22].

1. **Surface Acting** ~ requires an individual to exhibit physical signs, such as smiling, that reflect emotions customers want to experience. A children's hairdresser cutting the

hair of a crying toddler may smile and act sympathetic without actually feeling so. In this case, the person is engaged in surface acting.

2. **Deep Acting** ~ takes surface acting one step further. This time, instead of faking an emotion that a customer may want to see, an employee will actively try to experience the emotion they are displaying. This genuine attempt at empathy helps align the emotions one is experiencing with the emotions one is displaying. The children's hairdresser may empathize with the toddler by imagining how stressful it must be for one so little to be constrained in a chair and be in an unfamiliar environment, and the hairdresser may genuinely begin to feel sad for the child.
3. **Genuine Acting** ~ occurs when individuals are asked to display emotions aligned with their own. If a job requires genuine acting, less emotional labour is required because the actions are consistent with true feelings.

Emotional labourers are required to display specific emotions as part of their jobs. Sometimes, these are emotions that the worker already feels. In that case, the strain of emotional labour is minimal. For example, a funeral director is generally expected to display sympathy for a family's loss. In the case of a family member suffering an untimely death, this emotion may be genuine. But for people whose jobs require them to be professionally polite and cheerful, such as flight attendants, or to be serious and authoritative, such as police officers, the work of wearing one's "game face" can have effects that outlast the working day. To combat this, taking breaks can help surface actors cope more effectively[23].

***What is the worst job you have ever had (or class project if you haven't worked)? Did the job require emotional labour? If so, how did you deal with it?***

**Cognitive dissonance** is a term that refers to a mismatch among emotions, attitudes, beliefs, and behavior, for example,

believing that you should always be polite to a customer regardless of personal feelings, yet having just been rude to one. You'll experience discomfort or stress unless you find a way to alleviate the dissonance. You can reduce the personal conflict by changing your behavior (trying harder to act polite), changing your belief (maybe it's OK to be a little less polite sometimes), or by adding a new fact that changes the importance of the previous facts (such as you will otherwise be laid off the next day). Although acting positive can make a person feel positive, emotional labour that involves a large degree of emotional or cognitive dissonance can be grueling, sometimes leading to negative health effects[24].

---

## Emotional Intelligence

One way to manage the effects of emotional labour is by increasing your awareness of the gaps between real emotions and emotions that are required by your professional persona. "What am I feeling? And what do others feel?" These questions form the heart of **emotional intelligence**. The term was coined by psychologists Peter Salovey and John Mayer and was popularized by psychologist Daniel Goleman in a book of the same name. Emotional intelligence looks at how people can understand each other more completely by developing an increased awareness of their own and others' emotions[25].

There are four building blocks involved in developing a high level of emotional intelligence. **Self-awareness** exists when you are able to accurately perceive, evaluate, and display appropriate emotions. **Self-management** exists when you are able to direct your emotions in a positive way when needed. **Social awareness** exists when you are able to understand how others feel. **Relationship management** exists when you are

able to help others manage their own emotions and truly establish supportive relationships with others[26].



*Figure 2.2: The four steps of emotional intelligence*

In the workplace, emotional intelligence can be used to form harmonious teams by taking advantage of the talents of every member. To accomplish this, colleagues well-versed in emotional intelligence can look for opportunities to motivate themselves and inspire others to work together[27]. Important among the emotions that helped create a successful team, Goleman learned, was empathy—the ability to put oneself in another’s shoes, whether that individual has achieved a major triumph or fallen short of personal goals[28]. Those high in emotional intelligence have been found to have higher self-efficacy in coping with adversity, perceive situations as challenges rather than threats, and have higher life satisfaction, which can all help lower stress levels[29].

***Consider the following:***

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

# Work Attitudes



## Work Attitudes

An **attitude** can be defined as a predisposition to respond in a favorable or unfavorable way to objects or persons in one's environment. When we like or dislike something, we are, in effect, expressing our attitude toward the person or object. Our behavior at work often depends on how we feel about being there. Therefore, making sense of how people behave depends on understanding their work attitudes.

At work, two particular job attitudes have the greatest potential to influence how we behave. These are job satisfaction and organizational commitment. **Job satisfaction** refers to the feelings people have toward their job. If the number of studies conducted on job satisfaction is an indicator, job satisfaction is probably the most important job attitude. Institutions such as Gallup Inc. or the Society of Human Resource Management (SHRM) periodically conduct studies of job satisfaction to track how satisfied employees are at work. According to a recent Gallup survey, 90% of the employees surveyed said that they were at least somewhat satisfied with

their jobs. The recent SHRM study revealed 40% were very satisfied[30]. **Organizational commitment** is the emotional attachment people have toward the company they work for. There is a high degree of overlap between job satisfaction and organizational commitment because things that make us happy with our job often make us more committed to the company as well. Companies believe that these attitudes are worth tracking because they are often associated with important outcomes such as performance, helping others, absenteeism, and turnover.

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

### **What Makes Us Feel Good About Our Work?**



*One or more interactive elements has been excluded from this version of the text. You can view them online here:*

<https://pressbooks.openeducationalberta.ca/saitorgbehavior/?p=72>

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## Quiet Quitting

The term **quiet quitting** is used to describe a situation where an employee disengages from their work and stops putting in more time, effort, or enthusiasm than absolutely necessary – but does so without making a formal announcement or resigning from their position. Essentially, this is a passive form of resignation where the employee stops caring about their job or their workplace, but does not actively seek to leave.



*Image by Anemone123 from Pixabay*

Quiet quitting can occur for a variety of reasons, such as job dissatisfaction, burnout, a toxic work environment, or feeling undervalued or underappreciated. When an employee engages in quiet quitting, their work performance may suffer, they may withdraw from their colleagues and work activities, and they may become less motivated or enthusiastic about their work.

According to a Gallup survey of US workers aged 18 years and

older taken in June 2022, quiet quitters made up at least 50% of the workforce. This survey led researchers to conclude that only 32% of workers came across as engaged, while another 18% were clear in their job dissatisfaction. The remaining 50% are made up of those who are classified as quiet quitters, those who are not engaged in their work but did not broadcast that fact. If these numbers are correct, a staggering 68% of US workers are unhappy with their work to one degree or another[31].

## What is Quiet Quitting



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While quiet quitting can be a sign of disengagement or burnout, it's important to note that it isn't always a bad thing. In some cases, quiet quitting can be a healthy decision that allows individuals to prioritize their own well-being and goals. For example, if a student realizes that a particular course or program isn't aligning with their values or interests, they may decide to quietly quit to pursue something that's a better fit for them. Alternatively, if a student is struggling with a mental health issue or other personal challenges, they may need to take a step back from their studies to focus on their own healing and growth.

**Consider the following questions:**

1. Have you ever experienced a time when you felt like you were quietly quitting a course or a program? What factors contributed to this feeling?
2. What role do personal values and goals play in preventing quiet quitting? How can you ensure that your academic pursuits align with your overall life aspirations and keep you motivated?

**From Quiet Quitting to Quiet Hiring**



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# Job Characteristics

The presence of certain characteristics on the job seems to make employees more satisfied and more committed. Using a variety of skills, having autonomy at work, receiving feedback on the job, and performing a significant task are some job characteristics that are related to satisfaction and commitment. However, the presence of these factors is not important for everyone. Some people have a high growth need. They expect their jobs to help them build new skills and improve as an employee. These people tend to be more satisfied when their jobs have these characteristics[32].

---

## Psychological Contract

After accepting a job, people come to work with a set of expectations. They have an understanding of their responsibilities and rights. In other words, they have a psychological contract with the company. A psychological contract is an unwritten understanding of what the employee will bring to the work environment and what the company will provide in exchange. When people do not get what they expect, they experience a psychological contract breach, which leads to low job satisfaction and commitment. Imagine that you were told before being hired that the company was family-friendly and collegial. However, after a while, you realize that they expect employees to work 70 hours a week, and employees are aggressive toward each other. You are likely to experience a breach in your psychological contract and be dissatisfied[33].

---

## Relationships at Work



*Image by mohamed\_hassan from Pixabay*

Two strong predictors of our happiness at work and commitment to the company are our relationships with coworkers and managers. The people we interact with, their degree of compassion, our level of social acceptance in our work

group, and whether we are treated with respect are all important factors surrounding our happiness at work. Research also shows that our relationship with our manager, how considerate the manager is, and whether we build a trust-based relationship with our manager are critically important to our job satisfaction and organizational commitment[34].

Two strong predictors of our happiness at work and commitment to the company are our relationships with coworkers and managers. The people we interact with, their degree of compassion, our level of social acceptance in our work group, and whether we are treated with respect are all important factors surrounding our happiness at work. Research also shows that our relationship with our manager, how considerate the manager is, and whether we build a trust-based relationship with our manager are critically important to our job satisfaction and organizational commitment. When our manager and upper management listen to us, care about us, and value our opinions, we tend to feel good at work. Even

small actions may show employees that the management cares about them. For example, Hotel Carlton in San Francisco was recently taken over by a new management group. One of the small things the new management did was create dramatic results. In response to an employee attitude survey, they replaced the old vacuum cleaners housekeepers were using and established a policy of replacing them every year. This simple act of listening to employee problems and taking action went a long way to making employees feel that the management cares about them[35].

---

## Stress

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

---

# Work-Life Balance

In the 1950s, people's work was all-consuming. Employees went to work and worked long hours, and the rest of the family accepted that work came first. As society changed, the concept of always putting work first became outdated. In modern times, more employees expect to lead balanced lives, pursue hobbies, and spend more time with their children while at the same time continuing to succeed at work. The notion of work–family conflict is one cause of job dissatisfaction. This conflict can be particularly strong for women because of the time necessary for pregnancy and giving birth, but men also struggle with it. When work life interferes with family life, we are more stressed and unhappy with our jobs. Research shows that policies that help employees achieve a balance between their work and personal lives, such as allowing telecommuting, are related to higher job satisfaction. For example, the medical resources group of the pharmaceutical company AstraZeneca International does not have fixed working hours, and employees can work any hours they choose. Motorola's technological acceleration group also has flexible hours and can work from anywhere (home, office, or coffee shop) at any time[36].

## How You Can Create a Better Work-Life Balance



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## Positive Work Attitudes



*Image by Janno Nivergall from Pixabay*

Why do we care about the job satisfaction and organizational commitment of employees? What behaviors would you expect to see from someone who has a more positive work attitude? If you say “higher performance,” you have stumbled upon one of the

most controversial subjects in organizational behavior. Many studies have been devoted to understanding whether happy employees are more productive.

It seems that happy workers have the inclination to be more engaged at work. They may want to perform better. They may be more motivated. But there are also exceptions. Think about this: Just because you want to perform, will you actually be a higher performer? Chances are that your skill level in performing the job will matter. There are also some jobs where performance depends on factors beyond an employee’s control, such as the pace of the machine they are working on.

Because of this reason, in professional jobs such as engineering and research, we see a higher link between work attitudes and performance, as opposed to manual jobs such as assembly line work [37]. Also, think about the alternative possibility: If you don't like your job, does this mean that you will reduce your performance? Maybe up to a certain point, but there will be factors that prevent you from reducing your performance: the fear of getting fired, the desire to get a promotion so that you can get out of the job that you dislike so much, or your professional work ethic. As a result, we should not expect a one-to-one relationship between satisfaction and performance.

Work attitudes are even more strongly related to organizational citizenship behaviors (behaviors that are not part of our job but are valuable to the organization, such as helping new employees or working voluntary overtime). Satisfied and committed people who are absent less frequently and for a shorter duration, are likely to stay with a company longer and demonstrate less aggression at work. Just as important, people who are happy at work are happier with their lives overall. Given that we spend so much of our waking hours at work, it is no surprise that our satisfaction with our job is a big part of how satisfied we feel about life in general[38]. Finally, a satisfied workforce seems to be related to positive firm-level outcomes, such as customer satisfaction and loyalty, profitability, and safety in the workplace[39].

---

## Assessing Work Attitudes in the Workplace

Given that work attitudes may give us clues as to who will leave or stay, who will perform better, and who will be more engaged,

tracking satisfaction and commitment levels is a helpful step for companies. If there are companywide issues that make employees unhappy and disengaged, then these issues need to be resolved. There are at least two systematic ways in which companies can track work attitudes: through **attitude surveys** and exit interviews. Companies such as KFC Corporation and Long John Silver's Inc. restaurants, the SAS Institute, Google, and others give periodic surveys to employees to track their work attitudes. Companies can get more out of these surveys if responses are held confidential. If employees become concerned that their individual responses will be shared with their immediate manager, they are less likely to respond honestly. Moreover, the success of these surveys depends on the credibility of management in the eyes of employees. If management periodically collects these surveys but no action comes out of them, employees may adopt a more cynical attitude and start ignoring these surveys, hampering the success of future efforts.

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

# Classroom Activity: Quiet Quitting and the Impact to OB



## Quiet Quitting and the Impact to OB

**Purpose:** Quiet quitting is a recent issue that organizations have been confronted with. The purpose of this assignment is to examine quiet quitting and the impact that it has on organizations.

**Time frame:** Approximately 20 minutes (10 minutes to learn about quiet quitting, 10 minutes to discuss as a class).

Instructions:

1. In groups of 4 -5 people research quiet quitting.
2. Define quiet quitting and identify the key stakeholders impacted by this trend.
3. Discuss the challenges or threats that quiet quitting could have on the organization.
4. Discuss the opportunities or benefits that this trend could

have on the organization.

5. How could quiet quitting be a challenge or opportunity for employees?
6. Be prepared to discuss your findings with the class.

# Errors in Perception



## Errors in Perception

Our behavior is not only a function of our personality, values, and preferences but also of the situation. We interpret our environment, formulate responses, and act accordingly. **Perception** may be defined as the process by which individuals detect and interpret environmental stimuli. What makes human perception so interesting is that we do not solely respond to the stimuli in our environment. We go beyond the information that is present in our environment, pay selective attention to some aspects of the environment, and ignore other elements that may be immediately apparent to other people. Our perception of the environment is not entirely rational. For example, have you ever noticed that while glancing at a newspaper or a news Web site, information that is interesting or important to you jumps out of the page and catches your eye? If you are a sports fan, while scrolling down the pages you may immediately see a news item describing the latest success of your team. If you are the parent of a picky eater, an advice column on toddler feeding may be the first

thing you see when looking at the page. So what we see in the environment is a function of what we value, our needs, our fears, and our emotions[40]. In fact, what we see in the environment may be objective, or flat-out wrong because of our personality, values, or emotions. For example, one experiment showed that when people who were afraid of spiders were shown spiders, they inaccurately thought that the spider was moving toward them[41].

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## Visual Perception



Figure 2.2: Visual Perception – Triangle

Our visual perception definitely goes beyond the physical information available to us. First of all, we extrapolate from the information available to us. Take a look at the following figure. The white triangle you see in the middle is not really there, but we extrapolate from the information

available to us and see it there[42].

Our visual perception is often biased because we do not perceive objects in isolation. The contrast between our focus of attention and the remainder of the environment may make an object appear bigger or smaller. This principle is illustrated in the figure with circles. Which of the middle circles is bigger? To most people, the one on the left appears bigger, but this

is because it is surrounded by smaller circles. The contrast between the focal object and the objects surrounding it may make an object bigger or smaller to our eye.



Figure 2.3: Visual Perception – Circles

How do these tendencies influence behavior in organizations? You may have realized that the fact that our visual perception is faulty may make witness testimony faulty and biased. How do we know whether the employee you judge to be hardworking,

fast, and neat is really like that? Is it really true, or are we comparing this person to other people in the immediate environment? Or let's say that you do not like one of your peers and you think that this person is constantly surfing the Web during work hours. Are you sure? Have you really seen this person surf unrelated Web sites, or is it possible that the person was surfing the Web for work-related purposes? Our biased visual perception may lead to the wrong inferences about the people around us.

---

## Self-Perception

Human beings are prone to errors and biases when perceiving themselves. Moreover, the type of bias people have depends on their personality. Many people suffer from **self-enhancement bias**. This is the tendency to overestimate our performance and capabilities and see ourselves in a more positive light than others see us. People who have a narcissistic personality are

particularly subject to this bias, but many others are still prone to overestimating their abilities[43]. At the same time, other people have the opposing extreme, which may be labeled as **self-effacement bias**. This is the tendency for people to underestimate their performance, undervalue capabilities, and see events in a way that puts them in a more negative light. We may expect that people with low self-esteem may be particularly prone to making this error. These tendencies have real consequences for behavior in organizations. For example, people who suffer from extreme levels of self-enhancement tendencies may not understand why they are not getting promoted or rewarded, while those who have a tendency to self-efface may project low confidence and take more blame for their failures than necessary.

When perceiving themselves, human beings are also subject to **false consensus errors**. Simply put, we overestimate how similar we are to other people[44]. We assume that whatever quirks we have are shared by a larger number of people than in reality. People who take office supplies home, tell white lies to their boss or colleagues, or take credit for other people's work to get ahead may genuinely feel that these behaviors are more common than they really are. The problem with behavior in organizations is that, when people believe that a behavior is common and normal, they may repeat the behavior more freely. Under some circumstances, this may lead to a high level of unethical or even illegal behaviors.

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# Social Perception



*Image by StockSnap from Pixabay.*

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

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

Stereotypes often create a situation called a **self-fulfilling prophecy**. This cycle occurs when people automatically behave as if an established stereotype is accurate, which leads to reactive behavior from the other party that confirms the stereotype[45]. If you have a stereotype such as “Asians are friendly,” you are more likely to be friendly toward an Asian yourself. Because you are treating the other person better, the

response you get may also be better, confirming your original belief that Asians are friendly. Of course, just the opposite is also true. Suppose you believe that “young employees are slackers.” You are less likely to give a young employee high levels of responsibility or interesting and challenging assignments. The result may be that the young employee reporting to you may become increasingly bored at work and start goofing off, confirming your suspicions that young people are slackers!

Stereotypes persist because of a process called selective perception. **Selective perception** simply means that we pay selective attention to parts of the environment while ignoring other parts. When we observe our environment, we see what we want to see and ignore information that may seem out of place. Here is an interesting example of how selective perception leads our perception to be shaped by the context: As part of a social experiment, in 2007 the *Washington Post* newspaper arranged for Joshua Bell, the internationally acclaimed violin virtuoso, to perform in a corner of the Metro station in Washington DC. The violin he was playing was worth \$3.5 million, and tickets for Bell’s concerts usually cost around \$100. During the rush hour during which he played for 45 minutes, only one person recognized him, only a few realized that they were hearing extraordinary music, and he made only \$32 in tips. When you see someone playing at the metro station, would you expect them to be extraordinary?[46]

Our background, expectations, and beliefs will shape which events we notice and which events we ignore. For example, the functional background of executives affects the changes they perceive in their environment[47]. Executives with a background in sales and marketing see the changes in the demand for their products, while executives with a background in information technology may more readily perceive the changes in the technology the company is using. Selective perception may perpetuate stereotypes because we are less

likely to notice events that go against our beliefs. A person who believes that men drive better than women may be more likely to notice women driving poorly than men driving poorly. As a result, a stereotype is maintained because information to the contrary may not reach our brains.

Let's say we noticed information that goes against our beliefs. What then? Unfortunately, this is no guarantee that we will modify our beliefs and prejudices. First, when we see examples that go against our stereotypes, we tend to come up with subcategories. For example, when people who believe that women are more cooperative see a female who is assertive, they may classify this person as a "career woman." Therefore, the example to the contrary does not violate the stereotype and instead is explained as an exception to the rule[48]. Second, we may simply discount the information. In one study, people who were either in favor of or opposed to the death penalty were shown two studies, one showing benefits from the death penalty and the other discounting any benefits. People rejected the study that went against their belief as methodologically inferior and actually reinforced the belief in their original position even more[49]. In other words, trying to debunk people's beliefs or previously established opinions with data may not necessarily help.



*Image by Alex Green from Pexel.*

One other perceptual tendency that may affect work behavior is that of **first impressions**. The first impressions we form about people tend to have a lasting impact. In fact, first impressions, once formed, are surprisingly resilient to

contrary information. Even if people are told that the first impressions were caused by inaccurate information, people hold onto them to a certain degree. The reason is that, once we

form first impressions, they become independent of the evidence that created them[50]. Any information we receive to the contrary does not serve the purpose of altering the original impression.

Imagine the first day you met your colleague Anne. She treated you in a rude manner and when you asked for her help, she brushed you off. You may form the belief that she is a rude and unhelpful person. Later, you may hear that her mother is very sick and she is very stressed. In reality, she may have been unusually stressed on the day you met her. If you had met her on a different day, you could have thought that she is a really nice person who is unusually stressed these days. But chances are your impression that she is rude and unhelpful will not change even when you hear about her mother. Instead, this new piece of information will be added to the first one: She is rude and unhelpful, and her mother is sick. Being aware of this tendency and consciously opening your mind to new information may protect you against some of the downsides of this bias. Also, it would be to your advantage to pay careful attention to the first impressions you create, particularly during job interviews.

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

A job interview is your first step to getting the job of your dreams. It is also a social interaction in which your

actions during the first 5 minutes will determine the impression you make. Here are some tips to help you create a positive first impression.

- ***Your first opportunity to make a great impression starts even before the interview, the moment you send your résumé.*** Be sure that you send your résumé to the correct people, and spell the name of the contact person correctly! Make sure that your résumé looks professional and is free from typos and grammar problems. Have someone else read it before you hit the send button or mail it.
- ***Be prepared for the interview.*** Many interviews have some standard questions such as “tell me about yourself” or “why do you want to work here?” Be ready to answer these questions. Prepare answers highlighting your skills and accomplishments, and practice your message. Better yet, practice an interview with a friend. Practicing your answers will prevent you from regretting your answers or finding a better answer after the interview is over!
- ***Research the company.*** If you know a lot about the company and the job in question, you will come out as someone who is really interested in the job. If you ask basic questions such as “what does this company do?” you will not be taken as a serious candidate. Visit the company’s Web site as well as others, and learn as much about the company and the job as you can.
- ***When you are invited for an office interview,***

***be sure to dress properly.*** Like it or not, the manner you dress is a big part of the impression you make. Dress properly for the job and company in question. In many jobs, wearing professional clothes, such as a suit, is expected. In some information technology jobs, it may be more proper to wear clean and neat business casual clothes (such as khakis and a pressed shirt) as opposed to dressing formally. Do some investigation about what is suitable. Whatever the norm is, make sure that your clothes fit well and are clean and neat.

- ***Be on time for the interview.*** Being late will show that you either don't care about the interview or you are not very reliable. While waiting for the interview, don't forget that your interview has already started. As soon as you enter the company's parking lot, every person you see on the way or talk to may be a potential influence over the decision-maker. Act professionally and treat everyone nicely.
- ***During the interview, be polite.*** Use correct grammar, show eagerness and enthusiasm, and watch your body language. From your handshake to your posture, your body is communicating whether you are the right person for the job!

Sources: Adapted from ideas in Bruce, C. (2007, October). Business Etiquette 101: Making a good first impression. *Black Collegian*, 38(1), 78–80; Evenson, R. (2007, May). Making a great first impression. *Techniques*, 14–17; Mather, J., & Watson, M. (2008, May

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***OB Toolbox:** How Can I Make a Great First Impression in the Job Interview?[2]*

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## Attributions

Your colleague Peter failed to meet the deadline. What do you do? Do you help him finish up his work? Do you give him the benefit of the doubt and place the blame on the difficulty of the project? Or do you think that he is irresponsible? Our behavior is a function of our perceptions. More specifically, when we observe others behave in a certain way, we ask ourselves a fundamental question: Why? Why did he fail to meet the deadline? Why did Mary get the promotion? Why did Mark help you when you needed help? The answer we give is the key to understanding our subsequent behavior. If you believe that Mark helped you because he is a nice person, your action will be different from your response if you think that Mark helped you because your boss pressured him to.

An **attribution** is a causal explanation we give for observed behavior. If you believe that a behavior is due to the internal

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

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

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

Let's assume that in addition to Erin, other people in the same class also complained (high consensus). Erin does not usually complain in other classes (high distinctiveness). Erin usually does not complain in finance class (low consistency). In this situation, you are likely to make an external attribution, such as thinking that finance homework is difficult. On the other hand, let's assume that Erin is the only person complaining (low consensus). Erin complains in a variety of situations (low distinctiveness), and every time she is in finance, she complains (high consistency). In this situation, you are likely to make an internal attribution such as thinking that Erin is a negative person[51].

Interestingly though, our attributions do not always depend on the consensus, distinctiveness, and consistency we observe in a given situation. In other words, when making attributions, we do not always look at the situation objectively. For example,

our overall relationship is a factor. When a manager likes a subordinate, the attributions made would be more favorable (successes are attributed to internal causes, while failures are attributed to external causes)[52]. Moreover, when interpreting our own behavior, we suffer from **self-serving bias**. This is the tendency to attribute our failures to the situation while attributing our successes to internal causes[53].

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

How we react to other people’s behavior would depend on the type of attributions we make. When faced with poor performance, such as missing a deadline, we are more likely to punish the person if an internal attribution is made (such as “the person being unreliable”). In the same situation, if we make an external attribution (such as “the timeline was unreasonable”), instead of punishing the person we might extend the deadline or assign more help to the person. If we feel that someone’s failure is due to external causes, we may

feel empathy toward the person and even offer help[54]. On the other hand, if someone succeeds and we make an internal attribution (he worked hard), we are more likely to reward the person, whereas an external attribution (the project was easy) is less likely to yield rewards for the person in question. Therefore, understanding attributions is important to predicting subsequent behavior.

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## How do You Reduce Bias in the Workplace?



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# Values across Cultures



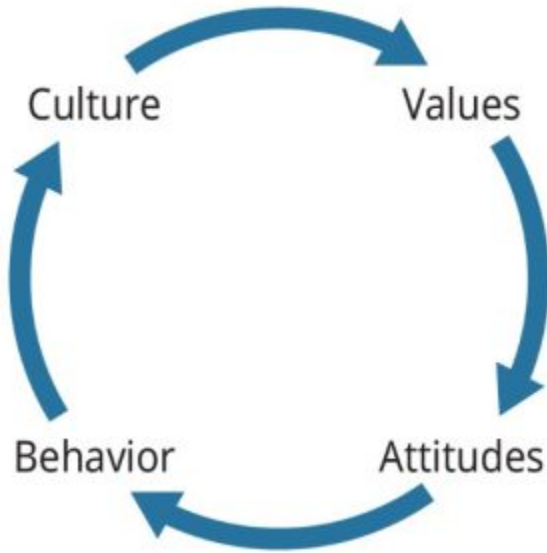
## Cultural Diversity and Values Across Cultures

**Culture** refers to values, beliefs, and customs that exist in a society. It is the unique characteristic of a people. As such, culture is:

- Something that is shared by all or most of the members of a society
- Something that older members of a society attempt to pass along to younger members
- Something that shapes our view of the world

Culture affects the workplace because it affects what we do and how we behave. As shown in Figure 2.4, cultural variations influence our values, which in turn affect attitudes and, ultimately, behaviors. For instance, a culture that is characterized by hard work would exhibit a value or ethic of hard work. This work ethic would be reflected in positive attitudes toward work and the workplace; people would feel

that hard work is satisfying and beneficial—they might feel committed to their employer and they might feel shame if they do not work long hours. This, in turn, would lead to actual high levels of work. This behaviour, then, would serve to reinforce the culture and its value, and so on.



*Figure 2.4: Relationship of Culture to Values, Attitudes, and Behaviour  
(Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)*

How do cultures differ from each other? If you have ever visited a country different from your own, you probably have stories to tell about what aspects of the culture were different and which were similar. Maybe you have noticed that in many parts of Canada, people routinely greet strangers with a smile when they step into an elevator or see them on the street, but the same behavior of saying hello and smiling at strangers would be considered odd in many parts of Europe. In India and other

parts of Asia, traffic flows with rules of its own, with people disobeying red lights, stopping and loading passengers on highways, or honking continuously for no apparent reason. In fact, when it comes to culture, we are like fish in the sea: We may not realize how culture is shaping our behavior until we leave our own and go someplace else. Cultural differences may shape how people dress, how they act, how they form relationships, how they address each other, what they eat, and many other aspects of daily life. Of course, talking about national cultures does not mean that national cultures are uniform. In many countries, it is possible to talk about the existence of cultures based on region or geography. For example, in Canada, the Atlantic Provinces, Quebec, Central Canada, the Prairies, and BC are all associated with slightly different values.

---

## Hofstede's Culture Dimensions

Thinking about hundreds of different ways in which cultures may differ is not very practical when you are trying to understand how culture affects work behaviors. For this reason, the work of Geert Hofstede, a Dutch social scientist, is an important contribution to the literature. Hofstede studied IBM employees in 66 countries and showed that four dimensions of national culture explain an important source of variation among cultures. Research also shows that cultural variation with respect to these four dimensions influences employee job behaviors, attitudes, well-being, motivation, leadership, negotiations, and many other aspects of organizational behavior[55].

**Individualism**  
Cultures in which people define themselves as individuals and form looser ties with their groups.

- Canada
- Australia
- UK
- USA
- Hungary

**Collectivism**  
Cultures, where people have stronger bonds to their group membership, form a person's self-identity.

- Guatemala
- Ecuador
- Indonesia
- Pakistan
- China

**Low Power Distance**  
A society that views an unequal distribution of power as relatively unacceptable.

- Austria
- Denmark
- Israel
- Ireland
- New Zealand

**High Power Distance**  
A society that views an unequal distribution of power as relatively acceptable.

- Malaysia
- Slovakia
- Philippines
- Russia
- Mexico

**Low Uncertainty Avoidance**  
Cultures in which people are comfortable in unpredictable situations and have a high tolerance for ambiguity.

- Denmark
- Jamaica
- Singapore
- China
- Sweden

**High Uncertainty Avoidance**  
Cultures in which people prefer predictable situations and have a low tolerance for ambiguity.

- Belgium
- El Salvador
- Greece
- Guatemala
- Portugal

**Individualism**  
Cultures in which people define themselves as individuals and form looser ties with their groups.

**Masculinity**  
Cultures in which people value achievement and competitiveness, as well as the acquisition of money and other material objects.

- Slovakia
- Japan
- Hungary
- Austria
- Venezuela

**Collectivism**  
Cultures, where people have stronger bonds to their group membership, form a person's self-identity.

**Femininity**  
Cultures in which people value maintaining good relationships, caring for the weak, and quality of life.

- Norway
- Netherlands
- Sweden
- Costa Rica
- Chile

**Figure 2.5:** Hofstede's Culture Framework

Source: Adapted from information in Geert Hofstede cultural dimensions. Retrieved November 12, 2008, from [http://www.geert-hofstede.com/hofstede\\_dimensions.php](http://www.geert-hofstede.com/hofstede_dimensions.php).

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## Individualism-Collectivism

**Individualistic cultures** are cultures in which people define themselves as an individual and form looser ties with their groups. These cultures value autonomy and independence of the person, self-reliance, and creativity. Countries such as Canada, the United Kingdom, and Australia are examples of individualistic cultures. In contrast, **collectivistic cultures** are

cultures where people have stronger bonds to their groups and group membership forms a person's self-identity. Asian countries such as China and Japan, as well as countries in Latin America, are higher in collectivism.



*Photo by Andrea Piacquadio*

In collectivistic cultures, people define themselves as part of a group. In fact, this may be one way to detect people's individualism-collectivism level. When individualists are asked a question such as "Who are you? Tell me about yourself,"

they are more likely to talk about their likes and dislikes, personal goals, or accomplishments. When collectivists are asked the same question, they are more likely to define themselves in relation to others, such as "I am Chinese" or "I am the daughter of a doctor and a homemaker. I have two brothers." In other words, in collectivistic cultures, self-identity is shaped to a stronger extent by group memberships[56].

In collectivistic societies, family bonds are more influential in people's daily lives. While individualists often refer to their nuclear family when thinking about their families, collectivists are more likely to define family in a broader sense, including cousins, uncles, aunts, and second cousins. Family members are more involved in each others' lives. For example, in societies such as Iran, Greece, and Turkey, extended family members may see each other several times a week. In many collectivistic societies, the language reflects the level of interaction among extended family members such that there may be different words used to refer to maternal versus paternal grandparents, aunts, or uncles. In addition to interacting with each other more often, family members have a strong sense of obligation toward each other. For example, children often expect to live with their parents until they get married. In collectivistic

countries such as Thailand, Japan, and India, choosing a career or finding a spouse are all family affairs. In these cultures, family members feel accountable for each others' behavior such that one person's misbehavior may be a cause of shame for the rest of the family[57]. Understanding the importance of family in collectivistic cultures is critical to understanding their work behaviors. For example, one multinational oil company in Mexico was suffering from low productivity. When the situation was investigated, it became clear that the new manager of the subsidiary had gotten rid of a monthly fiesta for company employees and their families under the assumption that it was a waste of time and money. Employees interpreted this to mean that the company no longer cared about their families[58]. In India, companies such as Intel organize "take your parents to work day" and involve parents in recruitment efforts, understanding the role of parents in the career and job choices of prospective employees[59].

Collectivists are more attached to their groups and have more permanent attachments to these groups. Conversely, individualists attempt to change groups more often and have weaker bonds to them. It is important to recognize that to collectivists the entire human universe is not considered to be their in-group. In other words, collectivists draw sharper distinctions between the groups they belong to and those they do not belong to. They may be nice and friendly to their in-group members while acting much more competitively and aggressively toward out-group members. This tendency has important work implications. While individualists may evaluate the performance of their colleagues more accurately, collectivists are more likely to be generous when evaluating their in-group members. Freeborders, a software company based in San Francisco, California, found that even though it was against company policy, Chinese employees were routinely sharing salary information with their coworkers. This situation led them to change their payment system by

standardizing pay at job levels and then giving raises after more frequent appraisals[60].

Collectivistic societies emphasize conformity to the group. The Japanese saying “the nail that sticks up gets hammered down” illustrates that being different from the group is undesirable. In these cultures, disobeying or disagreeing with one’s group is difficult and people may find it hard to say no to their colleagues or friends. Instead of saying no, which would be interpreted as rebellion or at least be considered rude, they may use indirect ways of disagreeing, such as saying “I have to think about this” or “this would be difficult.” Such indirect communication prevents the other party from losing face but may cause misunderstandings in international communications with cultures that have a more direct style. Collectivist cultures may have a greater preference for team-based rewards as opposed to individual-based rewards. For example, in one study, more than 75% of the subjects in the Philippines viewed team-based pay as fair, while less than 50% of the U.S.-based subjects viewed team-based rewards as fair[61].

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## Power Distance

**Power distance** refers to the degree to which the society views an unequal distribution of power as acceptable. Simply put, some cultures are more egalitarian than others. In low power distance cultures, egalitarianism is the norm. In high power distance cultures, people occupying more powerful positions such as managers, teachers, or those who are older are viewed as more powerful and deserving of a higher level of respect. High power distance cultures are hierarchical cultures where

everyone has their place. Powerful people are supposed to act powerful, while those in inferior positions are expected to show respect. For example, Thailand is a high power distance culture, and, starting from childhood, people learn to recognize who is superior, equal, or inferior to them. When passing people who are more powerful, individuals are expected to bow, and the more powerful the person, the deeper the bow would be[62]. Managers in high power distance cultures are treated with a higher degree of respect, which may surprise those in lower power distance cultures. A Citibank manager in Saudi Arabia was surprised when employees stood up every time he passed by[63]. Similarly, in Turkey, students in elementary and high schools greet their teacher by standing up every time the teacher walks into the classroom. In these cultures, referring to a manager or a teacher by their first name would be extremely rude. High power distance within a culture may easily cause misunderstandings with those from low power distance societies. For example, the limp handshake someone from India may give or a job candidate from Chad who is looking at the floor throughout the interview is in fact showing their respect, but these behaviors may be interpreted as indicating a lack of confidence or even disrespect in low power distance cultures.

One of the most important ways in which power distance is manifested in the workplace is that in high power distance cultures, employees are unlikely to question the power and authority of their manager, and conformity to the manager will be expected. Managers in these cultures may be more used to an authoritarian style with lower levels of participative leadership demonstrated. People will be more submissive to their superiors and may take orders without questioning the manager[64]. In these cultures, people may feel uncomfortable when they are asked to participate in decision-making. For example, peers are much less likely to be involved in hiring decisions in high power distance cultures. Instead, these

cultures seem to prefer paternalistic leaders—leaders who are authoritarian but make decisions while showing a high level of concern toward employees as if they were family members[65].

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## Uncertainty Avoidance



*Photo by Pixabay.*

**Uncertainty avoidance** refers to the degree to which people feel threatened by ambiguous, risky, or unstructured situations. Cultures high in uncertainty avoidance prefer predictable situations and have a low tolerance for ambiguity.

Employees in these cultures expect a clear set of instructions and clarity in expectations. Therefore, there will be a greater level of creating procedures to deal with problems and writing out expected behaviors in manuals.

Cultures high in uncertainty avoidance prefer to avoid risky situations and attempt to reduce uncertainty. For example, one study showed that when hiring new employees, companies in high uncertainty avoidance cultures are likely to use a larger number of tests, conduct a larger number of interviews, and use a fixed list of interview questions[66]. Employment contracts tend to be more popular in cultures higher in uncertainty avoidance compared to cultures low in uncertainty avoidance[67]. The level of change-oriented leadership seems to be lower in cultures and higher in uncertainty avoidance[68]. Companies operating in high uncertainty avoidance cultures

also tend to avoid risky endeavors such as entering foreign target markets unless the target market is very large[69].

Germany is an example of a high uncertainty avoidance culture where people prefer structure in their lives and rely on rules and procedures to manage situations. Similarly, Greece is a culture relatively high in uncertainty avoidance, and Greek employees working in hierarchical and rule-oriented companies report lower levels of stress[70]. In contrast, cultures such as Iran and Russia are lower in uncertainty avoidance, and companies in these regions do not have rule-oriented cultures. When they create rules, they also selectively enforce rules and make a number of exceptions to them. In fact, rules may be viewed as constraining. Uncertainty avoidance may influence the type of organizations employees are attracted to. Japan's uncertainty avoidance is associated with valuing job security, while in uncertainty-avoidant Latin American cultures, many job candidates prefer the stability of bigger and well-known companies with established career paths.

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## Masculinity-Femininity

**Masculine cultures** are cultures that value achievement, competitiveness, and the acquisition of money and other material objects. Japan and Hungary are examples of masculine cultures. Masculine cultures are also characterized by a separation of gender roles. In these cultures, men are more likely to be assertive and competitive compared to women. In contrast, **feminine cultures** are cultures that value maintaining good relationships, caring for the weak, and emphasizing quality of life. In these cultures, values are not separated by gender, and both women and men share the values of

maintaining good relationships. Sweden and the Netherlands are examples of feminine cultures. The level of masculinity inherent in the culture has implications for the behavior of individuals as well as organizations. For example, in masculine cultures, the ratio of CEO pay to other management-level employees tends to be higher, indicating that these cultures are more likely to reward CEOs with higher levels of pay as opposed to other types of rewards[71]. The femininity of a culture affects many work practices, such as the level of work/life balance. In cultures high in femininity such as Norway and Sweden, work arrangements such as telecommuting seem to be more popular compared to cultures higher in masculinity like Italy and the United Kingdom.

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# OB Toolbox: Prepare Yourself for a Global Career

With the globalizing economy, boundaries with respect to careers are also blurring. How can you prepare yourself for a career that crosses national boundaries?

- ***Learn a language.*** If you already know that you want to live in China after you finish school, now may be the time to start learning the language. It is true that business is often conducted in English, but it is becoming increasingly ethnocentric to speak only one language while many in the rest of the world can speak two or more. For example, only 9% of those living in the United States can speak their native language plus another language fluently, as opposed to 53% of Europeans. Plus, even if business is conducted

in English, your adaptation to a different society, making friends, and leading a satisfying life will be much easier if you can speak the language.

- ***Immerse yourself in different cultures.*** Visit different cultures. This does not mean visiting five countries in 5 days. Plan on spending more time in one locale, and get to know, observe, and understand the culture.
- ***Develop an openness to different experiences.*** Be open to different cuisines, different languages, and different norms of working and living. If you feel very strongly that your way of living and working is the right way, you will have a hard time adjusting to a different culture.
- ***Develop a strong social support network.*** Once you arrive in the culture you will live in, be proactive in making friends. Being connected to people in a different culture will have an influence on your ability to adjust to living there. If you are planning on taking family members with you, their level of readiness will also influence your ability to function in a different culture.
- ***Develop a sense of humor.*** Adjusting to a different culture is often easier if you can laugh at yourself and the mistakes you make. If you take every mistake too personally, your stay will be less enjoyable and more frustrating.
- ***Plan your return.*** If you have plans to come back and work in your home country, you will need to plan your return in advance. When people leave home for a long time, they often adapt to the foreign culture they live in and may

miss many elements of it when they go back home. Your old friends may have moved on, local employers may not immediately appreciate your overseas experience, and you may even find that cultural aspects of your home country may have changed in your absence. Be ready for a reverse culture shock!

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## What Do You Value?



*One or more interactive elements has been excluded from this version of the text. You can*

*view them online here:*

<https://pressbooks.openeducationalberta.ca/saitorgbehavior/?p=78>

[TED videos](#) are used under a [CC BY-NC-ND 4.0 licence](#)).

# Classroom Activity: Exploring Individual Differences in the Workplace



## Exploring Individual Differences in the Workplace

**Objective:** To understand and appreciate individual differences in the workplace and how they impact communication and teamwork.

**Instructions:**

1. Working in small groups (3 – 4 students)
2. Discuss the results of your previously completed personality assessments ([Big Five Personality Test](#) & [Myers-Briggs Type Indicator](#)). How do these relate to your individual differences in group work and in the workplace?

3. Review and analyze the following case study scenario.  
Propose solutions to the problems presented.

**Case Study:** Communication Breakdown in the Team

**Scenario:** You are part of a team working on a project for a major client. The team is composed of five members, each with different personalities and communication styles. One member, let's call him Alex, is a quiet, reserved person who prefers to work independently. Another member, let's call her Maria, is an extroverted person who likes to communicate frequently and openly. The other three members fall somewhere in between, with varying levels of assertiveness and communication styles.

As the project progresses, the team faces several communication issues. Alex often works alone and does not keep the rest of the team informed about his progress, which creates confusion and duplication of work. On the other hand, Maria tends to dominate the team meetings, not giving others a chance to express their opinions, which creates frustration and resentment among the team members. The other team members feel caught in the middle, unsure how to communicate effectively with Alex and Maria without causing conflict.

The team is now facing a critical deadline, and the project is at risk of falling behind schedule due to the communication breakdown. The project manager has called for an emergency meeting to address the situation.

**Task:** As a team member, you are asked to analyze the situation and propose solutions to the communication issues.

**Discussion Questions:**

1. What are the individual differences in communication styles that are causing the communication breakdown?
2. How can the team address Alex's tendency to work alone and not keep the team informed?

3. How can the team address Maria's tendency to dominate the team meetings and not give others a chance to express their opinions?
4. How can the team balance the different communication styles of its members to improve communication and teamwork?
5. What strategies can the team implement to prevent future communication breakdowns?

Be prepared to share your findings.

# Classroom Activity: Internal and External Attribution



## Internal and External Attribution

**Purpose:** Our personality and biases can influence the way we interact with others. It has the potential to make situations better or worse depending on the people we are interacting with and the context of the situation. Having a strong understanding of our personality and others can help us manage situations more effectively.

**Time frame:** 20 minutes

**Group Size:** 3 – 4 students

**Instructions:** Read the following scenario and answer the corresponding questions.

**Scenario:**

- In a marketing agency, there's a team responsible for developing a high-profile advertising campaign for a major client. The team is comprised of individuals with diverse skills and backgrounds however, lately there has been a noticeable increase in tension and conflicts within the team.
- Internal Attribution: One team member, Sarah, attributes the conflicts to internal factors. She thinks, "Some team members are just too arrogant and unwilling to listen. It's their personalities causing all these problems."
- External Attribution: Another team member, Alex, believes that external factors are contributing to the conflicts. He says, "The tight deadline and pressure from the client are creating stress. The conflicts are more about the situation we're in rather than people's personalities."

**Questions**

1. How might Sarah's perception of the conflicts impact her interactions with her teammates?
2. How might recognizing external pressures affect Alex's approach to addressing conflicts within the team?
3. How can the team find a balance between internal and external attributions when addressing conflicts?
4. What steps could the team take to address both the internal dynamics and external pressures influencing their working environment?
5. Why is it important for team members to avoid making assumptions based solely on internal or external attributions?

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PART III  
MOTIVATION



# Module Introduction



## Module 3 Motivation

Motivation refers to the driving force behind a person's behavior or actions, and the energy and direction individuals use to achieve their goals. It can be thought of as the internal or external factors that stimulate a person's interest, desire, or need to engage in a particular activity or task.

In this module, you will explore various sources from which motivation can stem. Further, you will gain an understanding of the critical role motivation plays in shaping human behaviour, and how it is essential for individuals to accomplish their goals and fulfill their potential.

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## Learning Objectives

1. Define motivation.
2. Discuss the key theories of motivation.

3. Explain how needs and process theories explain motivation.
4. Examine the possible effects of rewards on individual behaviour.

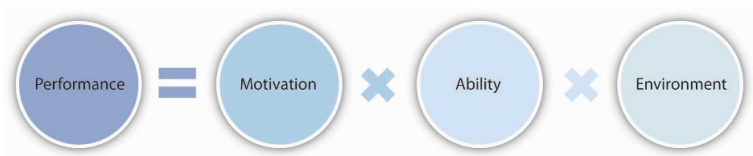
# What is Motivation?



## What is Motivation?

What inspires employees to provide excellent service, market a company's products effectively, or achieve the goals set for them? Answering this question is of utmost importance if we are to understand and manage the work behavior of our peers, subordinates, and even supervisors. Put a different way, if someone is not performing well, what could be the reason?

Job performance is viewed as a function of three factors and is expressed with the equation below [1]. According to this equation, motivation, ability, and environment are the major influences on employee performance.



*Figure 3.1: Performance – a function of motivation, ability, and environment.*

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

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

# Individual Components of Motivation

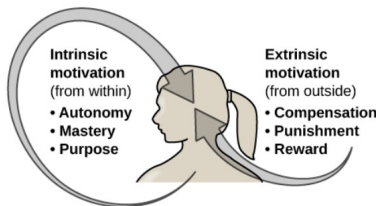


## Individual Components of Motivation

When managers consider the differences between their team members, the most apparent difference they may see in each individual is what motivates them.

## Intrinsic and Extrinsic Motivation

For an individual, there are intrinsic (internal) and extrinsic (external) motivating factors.



**Intrinsic motivation** comes from within, and it's usually driven by individuals' needs to do something for themselves. Each person has unique desires: they may

want to learn a language or skill, or reach a goal of finishing a

5K in a certain amount of time. Intrinsic motivation is why people climb mountains; they feel a calling to do so.

**Extrinsic motivation** comes from an external source. People may work a second (or third) job because they need additional money to pay the bills. Children may apologize to another child for not sharing their toys to avoid punishment from their parents.

Previous experience, current needs, gender, and personal and cultural values impact an individual's view of these intrinsic and extrinsic motivational factors. For instance, some people may cite “personal satisfaction” and “job security” as motivational factors in their work, while others tend to cite “status” and “wealth” as the reasons they get up in the morning. Some older workers cite “company loyalty” as a motivational factor while some Gen Xers and Millennials may be motivated by “job flexibility” and “challenging work.” Cultural norms can also fall into play—European countries value vacation time and use it quite a bit, while in the United States, workers may not even use the days they've been given.

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## Locus of Control and Self-Esteem

An individual's personality can affect his or her perception of how effort leads to performance. Two personality aspects are particularly important in this scenario—locus of control and self-esteem. **Locus of control** is people's perception of who has control over their lives, their environment, and external events. People who have an **internal locus of control** feel that their successes and failures are largely due to their own efforts, knowledge, and choices. People with an **external locus of control** feel that external factors have an undue influence on the current situation they're in.

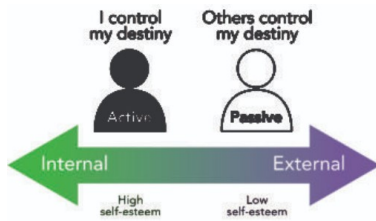


Figure: Your locus of control informs how you view your control over your own life.

There's a spectrum of internal vs. external locus of control, and people can be very high on one end or the other (highly internal or highly external), or fall somewhere in between. People with a high internal locus tend to be more task-oriented because they feel

they're in control of their own success. People with a high external locus credit luck, people in higher leadership positions, or divine powers for their successes or failures, tend to be more reactive to issues.

Locus of control is a fairly stable personality trait, though significant external factors can influence it (consider [this study of Polish students](#) whose locus of control shifted when democracy was introduced in their country).

Self-esteem interacts with motivation in a very similar way to locus of control. People with high self-esteem tend to feel that their performance is linked to their own efforts. The opposite is often true for people who have lower self-esteem.

Managers need to understand these personality differences in their employees if they're going to help them build the necessary links between "effort" and "performance" in the expectancy framework, and they can do this via encouragement and regular feedback for those that bring an external locus of control or low self-esteem to the team.

## Employee Needs

After considering an employee's personality traits, a manager must also consider his employee's needs. Older approaches to

understanding employee motivation focused almost solely on needs, and the more we learn the more we find that those early approaches aren't necessarily accurate. This doesn't mean that an employee's needs don't factor into motivation, because they do. On the expectancy framework, needs tend to influence an employee's perception of the value of a proposed reward. For instance, a person who has wealth and status may look at a reward differently than a person who has less.

Beyond actual money, there are other needs that a manager can fulfill for his employees. Employees with a high need for achievement might enjoy public recognition, and getting recognized for their achievements can keep their motivational drive high. Some workers appreciate the opportunity to work independently, with less supervision. Others might appreciate the ability to work remotely so they can save money on their commutes and be closer to family that needs attention. Needs are very individual, and they're not necessarily all filled by a paycheck and health benefits.

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## Cultural Differences

Finally, managers need to embrace cultural differences in order to understand what motivates their employees. Earlier, we illustrated some of the elements of the expectancy framework by using a scenario where the top salesperson would be offered a \$1,000 bonus. We discussed how this may or may not motivate all the employees on the sales team, based on their perception of expectancy, instrumentality, and valence. In China, this proposal might not work at all, because their salespeople typically are compensated based on seniority, not on achievement. Cultural differences can often trip us up where motivational theories are concerned—where many of them work in our culture, that doesn't hold true for others.

# Need-based Theories of Motivation



## Need-Based Theories of Motivation

The earliest studies of motivation involved an examination of individual needs. Specifically, early researchers thought that employees try hard and demonstrate goal-driven behaviour in order to satisfy needs. For example, an employee who is always walking around the office talking to people may have a need for companionship, and his behaviour may be a way of satisfying this need. At the time, researchers developed theories to understand what people need. Four theories may be placed under this category: Maslow's hierarchy of needs, ERG theory, Herzberg's two-factor theory, and McClelland's acquired needs-theory.

# Maslow's Hierarchy of Needs

Abraham Maslow is among the most prominent psychologists of the twentieth century. His hierarchy of needs is an image familiar to most business students and managers. The theory is based on a simple premise: Human beings have hierarchically ranked needs[2]. There are some needs that are basic to all human beings, and in their absence, nothing else matters. As we satisfy these basic needs, we start looking to satisfy higher-order needs. In other words, once a lower-level need is satisfied, it no longer serves as a motivator.

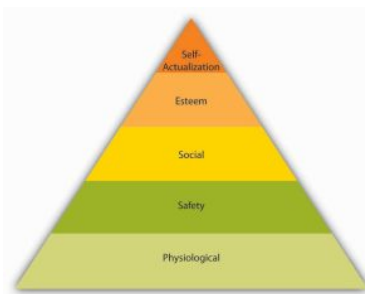


Figure: Maslow's Hierarchy of Needs

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

behaviour may be directed at finding food. Once you eat, though, the search for food ceases and the promise of food no longer serves as a motivator. Once physiological needs are satisfied, people tend to become concerned about **safety needs**. Are they free from the threat of danger, pain, or an uncertain future? On the next level up, **social needs** refer to the need to bond with other human beings, be loved, and form lasting attachments. In fact, attachments, or lack of them, are associated with our health and well-being[3]. The satisfaction of social needs makes **esteem needs** more salient. Esteem need refers to the desire to be respected by one's peers, feel important, and be appreciated. Finally, at the highest level of

the hierarchy, the need for **self-actualization** refers to “becoming all you are capable of becoming.” This need manifests itself in the desire to acquire new skills, take on new challenges, and behave in a way that will lead to the attainment of one’s life goals.

Maslow was a clinical psychologist, and his theory was not originally designed for work settings. In fact, his theory was based on his observations of individuals in clinical settings; some of the individual components of the theory found little empirical support. One criticism relates to the order in which the needs are ranked. It is possible to imagine that individuals who go hungry and are in fear for their lives might retain strong bonds with others, suggesting a different order of needs. Moreover, researchers failed to support the arguments that once a need is satisfied it no longer serves as a motivator and that only one need is dominant at a given time[4].

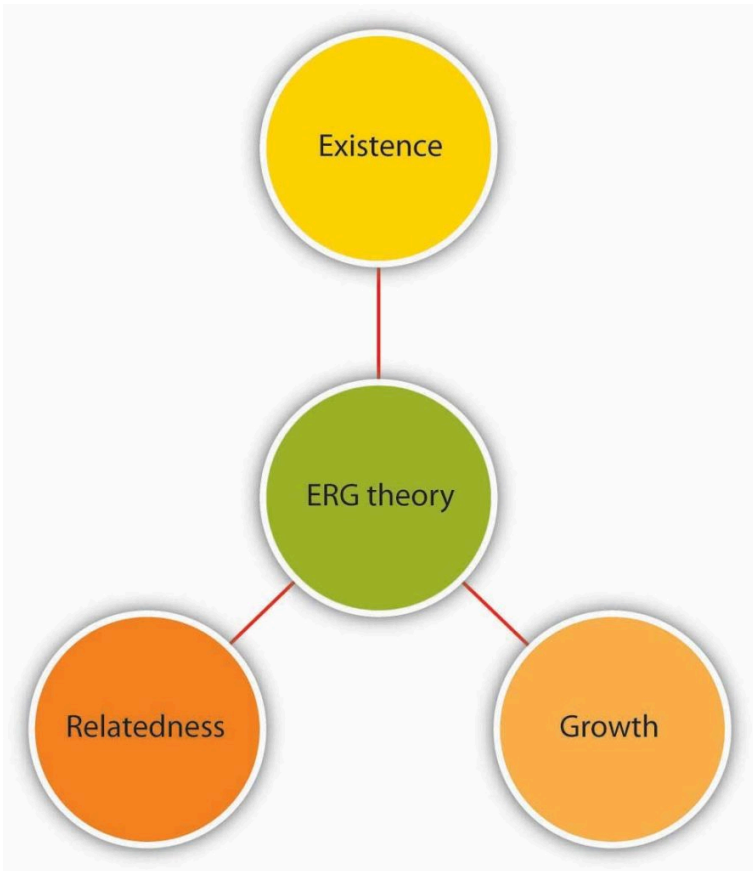
Despite lacking strong research support, Maslow’s theory found obvious applications in business settings. Understanding what people need gives us clues to understanding them. The hierarchy is a systematic way of thinking about the different needs employees may have at any given point and explains different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

How can an organization satisfy its employees’ various needs? In the long run, physiological needs may be satisfied by the person’s paycheck, but it is important to remember that pay may satisfy other needs such as safety and esteem as well. Providing generous benefits that include health insurance and company-sponsored retirement plans, as well as offering a

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

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## ERG Theory



*Figure: ERG Theory, which includes existence, relatedness, and growth*

**ERG theory**, developed by Clayton Alderfer, is a modification of Maslow's hierarchy of needs[5]. Instead of the five needs that are hierarchically organized, Alderfer proposed that basic human needs may be grouped under three categories, namely, existence, relatedness, and growth. Existence corresponds to Maslow's physiological and safety needs,

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

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

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## Two-Factor Theory

Frederick Herzberg approached the question of motivation in a different way. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them[6]. Herzberg labeled factors causing dissatisfaction among workers as **"hygiene" factors** because these factors were part of the context in which the job was performed, as opposed to the job itself. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. To illustrate, imagine that you are working in an unpleasant work environment. Your office is too hot in the

summer and too cold in the winter. You are being harassed and mistreated. You would certainly be miserable in such a work environment. However, if these problems were solved (your office temperature is just right and you are not harassed at all), would you be motivated? Most likely, you would take the situation for granted. In fact, many factors in our work environment are things that we miss when they are absent but take for granted if they are present.

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

#### Hygiene Factors

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

#### Motivators

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

### **Figure 3.4:** *The Two-Factor Theory of Motivation*

**Sources:** *Based on Herzberg, F., Mausner, B., & Snyderman, B. (1959). The motivation to work. New York: John Wiley and Sons; Herzberg, F. (1965). The motivation to work among Finnish supervisors. Personnel Psychology, 18, 393–402.*

Herzberg's research is far from being universally accepted[7]. One criticism relates to the primary research methodology employed when arriving at hygiene versus motivators. When people are asked why they are satisfied, they may attribute the causes of satisfaction to themselves, whereas when explaining what dissatisfies them, they may blame the situation. The classification of the factors as hygiene or motivator is not that

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

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

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## Acquired-Needs Theory

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



*Figure 3.3: The type of story you tell by looking at this picture may give away the dominant need that motivates you.*

McClelland used a unique method called the Thematic Apperception Test (TAT) to assess the dominant need [8]. This method entails presenting research subjects with an ambiguous picture and asking them to write a story based on it. Take a look at the picture (Figure 3.3). Who is this person? What is he doing? Why is he doing it? The story you tell about the man in the picture would then be analyzed by trained experts. The idea is that the stories the photo evokes would reflect how the mind works and what motivates the person.

If the story you come up with contains themes of success, meeting deadlines, or coming up with brilliant ideas, you may be high in need for achievement. Those who have a high **need for achievement** have a strong need to be successful. As children, they may be praised for their hard work, which forms the foundation of their persistence. As adults, they are preoccupied with doing things better than they did in the past. These individuals are constantly striving to improve their performance. They relentlessly focus on goals, particularly stretch goals that are challenging in nature [9]. They are particularly suited to positions such as sales, where there are explicit goals, feedback is immediately available, and their effort often leads to success. In fact, they are more attracted to organizations that are merit-based and reward performance

rather than seniority. They also do particularly well as entrepreneurs, scientists, and engineers[10].

Are individuals who are high in need for achievement effective managers? Because of their success in lower-level jobs where their individual contributions matter the most, those with a high need for achievement are often promoted to higher-level positions[11]. However, a high need for achievement has significant disadvantages in management positions. Management involves getting work done by motivating others. When a salesperson is promoted to sales manager, the job description changes from actively selling to recruiting, motivating, and training salespeople. Those who are high in need for achievement may view managerial activities such as coaching, communicating, and meeting with subordinates as a waste of time and may neglect these aspects of their jobs. Moreover, those high in need for achievement enjoy doing things themselves and may find it difficult to delegate any meaningful authority to their subordinates. These individuals often micromanage, expecting others to approach tasks a particular way, and may become overbearing bosses by expecting everyone to display high levels of dedication[12].

If the story you created in relation to the picture you are analyzing contains elements of making plans to be with friends or family, you may have a high **need for affiliation**. Individuals who have a high need for affiliation want to be liked and accepted by others. When given a choice, they prefer to interact with others and be with friends[13]. Their emphasis on harmonious interpersonal relationships may be an advantage in jobs and occupations requiring frequent interpersonal interaction, such as a social worker or teacher. In managerial positions, a high need for affiliation may again serve as a disadvantage because these individuals tend to be overly concerned about how they are perceived by others. They may find it difficult to perform some aspects of a manager's job such as giving employees critical feedback or disciplining poor

performers. Thus, the work environment may be characterized by mediocrity and may even lead to high performers leaving the team.

Finally, if your story contains elements of getting work done by influencing other people or desiring to make an impact on the organization, you may have a high **need for power**. Those with a high need for power want to influence others and control their environment. A need for power may in fact be a destructive element in relationships with colleagues if it takes the form of seeking and using power for one's own good and prestige. However, when it manifests itself in more altruistic forms such as changing the way things are done so that the work environment is more positive, or negotiating more resources for one's department, it tends to lead to positive outcomes. In fact, the need for power is viewed as an important trait for effectiveness in managerial and leadership positions[14].

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

# Process-based Theories



## Process-Based Theories

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

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## Equity Theory

Imagine that you are paid \$10 an hour working as an office assistant. You have held this job for 6 months. You are very good at what you do, you come up with creative ways to make things easier around you, and you are a good colleague who

is willing to help others. You stay late when necessary and are flexible if requested to change hours. Now imagine that you found out they are hiring another employee who is going to work with you, who will hold the same job title, and who will perform the same type of tasks. This particular person has more advanced computer skills, but it is unclear whether these will be used on the job. The starting pay for this person will be \$14 an hour. How would you feel? Would you be as motivated as before, going above and beyond your duties? How would you describe what you would be feeling?

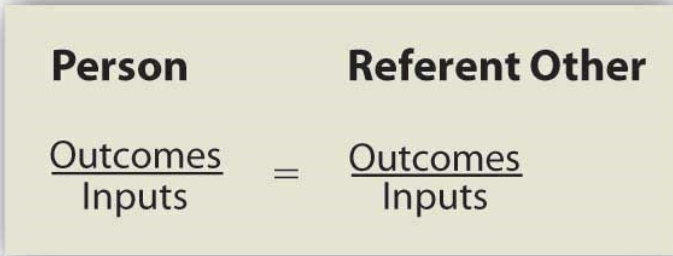
A diagram illustrating the Equity Theory equation. It consists of a light yellow rectangular box with a thin black border. Inside the box, the word "Person" is written in bold black text on the left, and "Referent Other" is written in bold black text on the right. Below "Person" is the fraction  $\frac{\text{Outcomes}}{\text{Inputs}}$ , and below "Referent Other" is the fraction  $\frac{\text{Outcomes}}{\text{Inputs}}$ . An equals sign "=" is placed between the two fractions.
$$\text{Person} \quad \frac{\text{Outcomes}}{\text{Inputs}} = \frac{\text{Outcomes}}{\text{Inputs}} \quad \text{Referent Other}$$

Figure 3.5: Equity Theory is based on comparing one's input-outcome ratio with that of a referent. Based on Adams, J. S. (1965). *Inequity in social exchange*. In L. Berkowitz (Ed.), *Advances in experimental social psychology*: Vol. 2 (pp. 267–299). New York: Academic Press

If your reaction to this scenario is along the lines of “this would be unfair,” your behaviour may be explained using **equity theory**[15]. **According to this theory, individuals are motivated by a sense of fairness in their interactions. Moreover, our sense of fairness is a result of the social comparisons we make. Specifically, we compare our inputs and outcomes with other people’s inputs and outcomes. We perceive fairness if we believe that the input-to-outcome ratio we are bringing into the situation is similar to the input-to-outcome ratio of a comparison person, or a referent. Perceptions of**

**inequity create tension within us and drive us to action that will reduce perceived inequity.**

## What are Inputs and Outputs?

**Inputs** are the contributions people feel they are making to the environment. In the previous example, the person's hard work; loyalty to the organization; the amount of time with the organization; and level of education, training, and skills may have been relevant inputs. **Outcomes** are the perceived rewards someone can receive from the situation. For the hourly wage employee in our example, the \$10 an hour pay rate was a core outcome. There may also be other, more peripheral outcomes, such as acknowledgment or preferential treatment from a manager. In the prior example, however, the person may reason as follows: I have been working here for 6 months. I am loyal, and I perform well (inputs). I am paid \$10 an hour for this (outcomes). The new person has no experience here (referent's inputs) but will be paid \$14 an hour. This situation is unfair.

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

## Who Is the Referent?

The referent other may be a specific person as well as a category of people. Referents should be comparable to us—otherwise, the comparison is not meaningful. It would be

pointless for a student worker to compare himself to the CEO of the company, given the differences in the nature of inputs and outcomes. Instead, individuals may compare themselves to someone performing similar tasks within the same organization or, in the case of a CEO, a different organization.

## Reactions to Unfairness

The theory outlines several potential reactions to perceived inequity. Oftentimes, the situation may be dealt with perceptually by **altering our perceptions of our own or the referent's inputs and outcomes**. For example, we may justify the situation by downplaying our own inputs (I don't really work very hard on this job), valuing our outcomes more highly (I am gaining valuable work experience, so the situation is not that bad), distorting the other person's inputs (the new hire really is more competent than I am and deserves to be paid more), or distorting the other person's outcomes (she gets \$14 an hour but will have to work with a lousy manager, so the situation is not unfair). Another option would be to **have the referent increase inputs**. If the other person brings more to the situation, getting more out of the situation would be fair. If that person can be made to work harder or work on more complicated tasks, equity would be achieved. The person experiencing a perceived inequity may also **reduce inputs or attempt to increase outcomes**. If the lower-paid person puts forth less effort, the perceived inequity would be reduced. Research shows that people who perceive inequity reduce their work performance or reduce the quality of their inputs[16]. Increasing one's outcomes can be achieved through legitimate means such as negotiating a pay raise. At the same time, research shows that those feeling inequity sometimes resort to stealing to balance the scales[17]. Other options include changing the comparison person (e.g., others doing similar

work in different organizations are paid only minimum wage) and leaving the situation by quitting [18]. Sometimes it may be necessary to consider taking legal action as a potential outcome of perceived inequity. For example, if an employee finds out the main reason behind a pay gap is gender-related, the person may react to the situation by taking legal action because sex discrimination in pay is illegal in Canada.

## Potential Responses to Inequity

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

**Figure 3.6:** Potential Responses to Inequity

**Source:** Based on research findings reported in Carrell, M. R., & Dittrich, J. E. (1978). Equity theory: The recent literature, methodological considerations, and new directions. *Academy of Management Review*, 3, 202–210; Goodman, P. S., & Friedman, A. (1971). An examination of Adams's theory of

inequity. *Administrative Science Quarterly*, 16, 271–288; Greenberg, J. (1993). Stealing in the name of justice: Informational and interpersonal moderators of theft reactions to underpayment inequity. *Organizational Behavior and Human Decision Processes*, 54, 81–103; Schmidt, D. R., & Marwell, G. (1972). Withdrawal and reward reallocation as responses to inequity. *Journal of Experimental Social Psychology*, 8, 207–211.

## Overpayment Inequity

What would you do if you felt you were over-rewarded? In other words, how would you feel if you were the new employee in our student-worker scenario? Originally, equity theory proposed that over-rewarded individuals would experience guilt and would increase their effort to restore perceptions of equity. However, research does not provide support for this argument. Instead, it seems that individuals experience less distress as a result of being over-rewarded[19]. It is not hard to imagine that individuals find perceptual ways to deal with a situation like this, such as believing they have more skills and bring more to the situation compared to the referent person. Therefore, research does not support equity theory's predictions with respect to people who are overpaid[20].

## Individual Differences in Reactions to Inequity

So far, we have assumed that once people feel a situation is inequitable, they will be motivated to react. However, does inequity disturb everyone equally? Researchers have identified a personality trait that explains different reactions to inequity

and named this trait as **equity sensitivity**[21]. **Equity-sensitive individuals expect to maintain equitable relationships, and they experience distress when they feel they are over-rewarded or under-rewarded. At the same time, there are some individuals who are benevolent, those who give without waiting to receive much in return, and entitled, who expect to receive substantial compensation for relatively little input. Therefore, the theory is more useful in explaining the behaviour of equity-sensitive individuals, and organizations will need to pay particular attention to how these individuals view their relationships.**

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## Fairness Beyond Equity: Procedural and Interactional Justice

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



*Figure 3.6: Dimensions of Organizational Justice*

Let's assume that you just found out you are getting a promotion. Clearly, this is an exciting outcome and comes with a pay raise, increased responsibilities, and prestige. If you feel you deserve to be promoted, you would perceive high distributive justice (you getting the promotion is fair). However, you later found out upper management picked your name out of a hat! What would you feel? You might still like the outcome but feel that the decision-making process was unfair. If so, you are describing feelings of procedural justice. **Procedural justice** refers to the degree to which fair decision-making procedures are used to arrive at a decision. People do not care only about

reward fairness. They also expect decision-making processes to be fair. In fact, research shows that employees care about the procedural justice of many organizational decisions, including layoffs, employee selection, surveillance of employees, performance appraisals, and pay decisions[22]. People also tend to care more about procedural justice in situations in which they do not get the outcome they feel they deserve>[23]. If you did not get the promotion and later discovered that management chose the candidate by picking names out of a hat, how would you feel? This may be viewed as adding insult to injury. When people do not get the rewards they want, they tend to hold management responsible if procedures are not fair[24].

Why do employees care about procedural justice? There are three potential reasons>[25]. First, people tend to believe that fairness is an end in itself and it is the right thing to do. Second, fair processes guarantee future rewards. If your name was picked out of a hat, you have no control over the process, and there is no guarantee that you will get future promotions. If the procedures are fair, you are more likely to believe that things will work out in the future. Third, fairness communicates that the organization values its employees and cares about their well-being.

Research has identified many ways of achieving procedural justice. For example, giving employees advance notice before laying them off, firing them, or disciplining them is perceived as fair. Advance notice helps employees prepare for the changes facing them or allows them to change their behaviour before it is too late. Allowing employees' voices in decision-making is also important[26]. When designing a performance-appraisal system or implementing a reorganization, it may be a good idea to ask people for their input because it increases perceptions of fairness. Even when it is not possible to have employees participate, providing explanations to employees helps foster procedural justice[27]. Finally, people expect

consistency in treatment[28]. If one person is given extra time when taking a test while another is not, individuals would perceive decision-making as unfair.

Now let's imagine the moment your boss told you that you are getting a promotion. Your manager's exact words were, "Yes, we are giving you the promotion. The job is so simple that we thought even you can handle it." Now, what is your reaction? The feeling of unfairness you may now feel is explained by **interactional justice**. Interactional justice refers to the degree to which people are treated with respect, kindness, and dignity in interpersonal interactions. We expect to be treated with dignity by our peers, supervisors, and customers. When the opposite happens, we feel angry. Even when faced with negative outcomes such as a pay cut, being treated with dignity and respect serves as a buffer and alleviates our stress[29].

## OB Toolbox: Be a Fair Person!

- ***When distributing rewards, make sure you pay attention to the different contribution levels of employees.*** Treating everyone equally could be unfair if they participated and contributed at different levels. People who are more qualified, and skilled, or those who did more than others expect to receive a greater share of rewards.
- ***Sometimes you may have to disregard people's contributions to distribute certain***

**rewards.** Some rewards or privileges may be better distributed equally (e.g., health insurance) or based on the particular employee's needs (such as unpaid leave for health reasons).

- **Pay attention to how you make decisions.** Before making a decision, ask people to give you their opinions if possible. Explain your decisions to the people who are affected by it. Before implementing a change, give people advance notice. Enforce rules consistently among employees.
- **Pay attention to how you talk to people.** Treat others the way you want to be treated. Be kind, courteous, and considerate of their feelings.
- **Remember that justice is in the eye of the beholder.** Even when you feel you are being fair, others may not feel the same way, and it is their perception that counts. Therefore, pay attention to being perceived as fair.
- **People do not care only about their own justice level.** They also pay attention to how others are treated as well. Therefore, in addition to paying attention to how specific employees feel, creating a sense of justice in the entire organization is important.

Sources: Adapted from ideas in Colquitt, J. A. (2004). Does the justice of the one interact with the justice of the many? Reactions to procedural justice in teams. *Journal of Applied Psychology*, 89, 633–646; Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007).

The management of organizational justice. *Academy of Management Perspectives*, 21, 34–48.

Employers would benefit from paying attention to all three types of justice perceptions. In addition to being the right thing to do, paying attention to justice perceptions leads to outcomes companies care about. Injustice is directly harmful to employees' psychological health and well-being and contributes to stress>[30]. High levels of justice create higher levels of employee commitment to organizations, and they are related to higher job performance, and higher levels of organizational citizenship (behaviours that are not part of one's job description but help the organization in other ways, such as speaking positively about the company and helping others), and higher levels of customer satisfaction. Conversely, low levels of justice lead to retaliation and support of unionization[31].

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## Expectancy Theory

According to **expectancy theory**, individual motivation to put forth more or less effort is determined by a rational calculation in which individuals evaluate their situation[32]. According to this theory, individuals ask themselves three questions.



Figure 3.8: Summary of Expectancy Theory

Sources: Based on Porter, L. W., & Lawler, E. E. (1968). *Managerial attitudes and performance*. Homewood, IL: Irwin; Vroom, V. H. (1964). *Work and motivation*. New York: Wiley.

The first question is whether the person believes that high levels of effort will lead to outcomes of interest, such as performance or success. This perception is labeled **expectancy**. For example, do you believe that the effort you put forth in a class is related to performing well in that class? If you do, you are more likely to put forth the effort.

The second question is the degree to which the person believes that performance is related to subsequent outcomes, such as rewards. This perception is labeled **instrumentality**. For example, do you believe that getting a good grade in the class is related to rewards such as getting a better job, or gaining approval from your instructor, or your friends or parents? If you do, you are more likely to put forth the effort.

Finally, individuals are also concerned about the value of the rewards awaiting them as a result of their performance. The anticipated satisfaction that will result from an outcome is labeled **valence**. For example, do you value getting a better job, or gaining approval from your instructor, friends, or parents? If these outcomes are desirable to you, your expectancy and instrumentality are high, and you are more likely to put forth the effort.

Expectancy theory is a well-accepted theory that has

received a lot of research attention[33]. It is simple and intuitive. Consider the following example. Let's assume that you are working in the concession stand of a movie theater. You have been selling an average of 100 combos of popcorn and soft drinks a day. Now your manager asks you to increase this number to 300 combos a day. Would you be motivated to try to increase your numbers? Here is what you may be thinking:

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

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

As a manager, how can you motivate employees? In fact, managers can influence all three perceptions[34].

## Influencing Expectancy Perceptions

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

## Influencing Instrumentality Perceptions

Showing employees that their performance is rewarded is going to increase instrumentality perceptions. Therefore, the first step in influencing instrumentality is to connect pay and other rewards to performance using bonuses, award systems, and merit pay. However, this is not always sufficient, because people may not be aware of some of the rewards awaiting high performers. Publicizing any contests or award programs is needed to bring rewards to the awareness of employees. It is

also important to highlight that performance, not something else, is being rewarded. For example, if a company has an employee of the month award that is rotated among employees, employees are unlikely to believe that performance is being rewarded. This type of meritless reward system may actually hamper the motivation of the highest-performing employees by eroding instrumentality.

## Influencing Valence

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

Expectancy	Instrumentality	Valence
<ul style="list-style-type: none"> <li>• Make sure employees have proper skills, abilities, and knowledge</li> <li>• Ensure that the environment facilitates performance</li> <li>• Provide encouragement to make people believe that their effort makes a difference</li> </ul>	<ul style="list-style-type: none"> <li>• Reward employee performance</li> <li>• Inform people in advance about the rewards</li> <li>• Try to eliminate non-performance influence over rewards</li> </ul>	<ul style="list-style-type: none"> <li>• Find rewards that are desirable to employees</li> <li>• Make sure that the rewards are viewed as fair</li> <li>• Give employees choice over rewards</li> </ul>

**Figure 3.9:** *Ways in Which Manager Can Influence Expectancy, Instrumentality, and Valence*

# Motivation in the Workplace



## Motivation in the Workplace

So far in this module, we've discussed the components of motivation and some of the most well-known and valuable motivational theories. There are more theories out there, and we could go on for quite a while describing them. However, it's important for managers to understand that all of them seek to predict human behavior and understand the mystery of motivation, and that all of them bring some clarity to the issue.

Now it's time to dig into how exactly motivation impacts the workplace.

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# Job Design

*“What kind of skills do I need to do this job?” “How important is this job to the success of the organization?”*

These are the answers an employee seeks before he or she agrees to accept a job with an organization. Individuals are looking for interesting work—work that will foster positive internal feelings. Those feelings might come in the form of achieving high production, overcoming obstacles, or being innovative and coming up with new ideas that help the organization succeed. The right job design can help a manager get to those intrinsic motivations an individual brings to work each day, rather than just the extrinsic factors, like pay and benefits.

When reviewing Vroom’s expectancy framework, we can see that job design affects both the effort to performance piece and the performance to outcome piece. The question managers look to answer is, “What’s the right balance for the job design?”

Early management theorists suggested that the easier the job, the more motivated the employee would be. Later studies suggested that organizations should make jobs more challenging and interesting. Both of these points of view fail to take into consideration individuals and the factors each person brings that might influence whether a job design is motivating to him or her personally.



*Job Design Model. Authored by: Freedom Learning Group.*

Richard Hackman and Gary Oldham published the Hackman-Oldham **Job Design Model** as part of a 1980 study, and it suggested that managers should tailor the job to meet the employee's individual needs. Where job design is concerned, Hackman and Oldham suggested that a job's motivating potential can be influenced by skill variety, task identity, task significance, autonomy, and feedback. In the model,

- **Skill variety** refers to the number of skills used to do a job. A traditional assembly line job would have a low-skill variety, whereas a nurse would have a higher-skill variety.
- **Task identity** refers to the level at which employees feel like they "own" the outcome when completing the task. Going back to our first example, workers on an assembly line would have low task identity. Which parts from their lines ended up in which machines? They're not likely to

know, so they would have a low task identity. A nurse, however, can identify with how well a patient recovers, or see immediately that a choice he or she made saved the life of a patient. Thus, a nurse would have a high task identity.

- **Task significance** indicates the importance of that task to the organization. The job of a receptionist, for example, has lower task significance. A temporary employee can be brought in to answer phones and sort mail. But doctors would have high task significance—not anyone can do their job, and they have knowledge of their patients and their situations that others would not have.
- **Autonomy** is the degree to which an employee can make independent decisions and not have to check in with a supervisor. Again, clerical work would have low autonomy because the job is repetitious and workers make few decisions on their own. Doctors would have high autonomy, making decisions to medicate a patient a certain way or handle an emergency procedure on the operating table.
- **Feedback** is information about an employee's performance. Most employees who perform a task want to know if they are doing it right, doing it well, and so on.

Hackman and Oldham noted that while the first three components of the job design (skill variety, task identity, and task significance) are very important, the last two, autonomy and feedback, are considered even more so. Thus managers should think a little harder about how to incorporate a little autonomy and feedback into the roles their team members fill.

---

# Training and Work Conditions

Managers can increase motivation by providing adequate and ongoing training for their employees, letting employees learn new things about their current job and learn new skills that will help them move on to the next level of their careers. Knowledgeable employees feel good about themselves, and their co-workers feel good about working with them. Tasks get done quickly and the team is more productive.

Consider the work environment where there is no training:

- Amanda has newly been hired, and she can't ramp up because her managers didn't spend time bringing her up to speed on tasks. She feels inadequate and doesn't understand her work. Her co-workers are frustrated because they continue to take on part of Amanda's workload.
- Joaquim puts in long hours and a lot of effort but doesn't get as much done as his co-workers because no one has brought him up to speed on new systems and processes. He's reinventing the wheel, wasting a lot of his time and everyone else's time. Co-workers, again, are frustrated because their team member isn't pulling his weight.
- Taylor, a long-time team member, enjoyed their job when they started and mastered all the skills they needed to complete their tasks years ago. Now they're bored and just going through the motions, and they are becoming less engaged because their employer doesn't provide them with new opportunities to learn and move ahead via ongoing training.

The same idea holds true for working conditions. Working conditions should support—not hinder—the productivity of the organization's employees. The employees should be safe in doing their work, but beyond that, they should have the

appropriate equipment, tools, and working environment to do their jobs well.

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## Employee Recognition Programs

Employee recognition programs cover a wide variety of activities, ranging from private “thank yous” to publicized recognition ceremonies. It strengthens the link between performance and outcome on the expectancy framework. Recognition continues to be cited on surveys as one of the most powerful motivators for an employee.

Types of recognition might include:

- A personal thank you to an employee from a manager, verbally or in a note
- Public recognition of an employee, in a company communication or ceremony
- A team thank you via a lunch bought by the manager
- A program where customers recognize great service by front-line workers

In an environment where there are layoffs and increased workloads all across the country, recognition programs go a long way toward motivating employees and provide a relatively low-cost way to boost performance.

---

# Job Redesign Programs

Clever redesign of jobs to accommodate employees' needs for additional flexibility can serve to motivate them. Managers looking to reshape jobs in order to make them more motivating might look toward a few redesign and scheduling options.

- **Job rotation.** Employees who have very repetitive jobs can find new motivation in a job rotation program. An assembly line might employ this technique, where a worker might be focused on constructing a portion of an exhaust system for a period of time, and then move over to an area that is devoted to putting together transmissions. This approach navigates the pitfalls of boredom, but it can increase training costs and temporarily reduce productivity as people ramp up their new responsibilities.
- **Job enrichment.** This refers to the vertical expansion of one's job to include additional responsibilities that allow employees to control the planning, execution, and evaluation aspects of their work. Employees can see a task through from start to finish in many cases, allowing for a holistic view of the task and ownership of the outcome. For instance, a group that formerly only handled the development of art for marketing materials might be retrained to meet with clients, get a better understanding of their needs, and then work with a printer to produce the final product. This process generally yields a reduction in turnover and an increase in job satisfaction for employees, but evidence of increased productivity is often inconclusive.
- **Flexible Hours.** Flexible hours allow employees a degree of autonomy when it comes to the hours of their workday. Morning people can be up-and-at-'em at 6 AM, and night owls can show up later and work later. Flexible hours often

reduce absenteeism, increase productivity, and reduce overtime expenses. However, this approach is not applicable to every job.

- **Job Sharing.** This program allows for two or more individuals to share a 40-hour work week. Job sharing allows an organization to draw on the talents of more than one person to complete a job and allows them to avoid layoffs due to overstaffing. Conversely, a manager has to find compatible pairs of employees, which is not always such an easy task.
- **Telecommuting.** When an individual can work from home, he or she can have more flexible hours, less downtime in a car, the ability to wear whatever he or she wants, and fewer interruptions. Organizations that employ telecommuting can realize higher productivity, enjoy a larger labor pool from which to select employees and experience less office space costs. But telecommuters can't experience the benefits of an office situation, and managers can tend to undervalue the contributions of workers they don't see regularly.

Job redesign and scheduling can be linked to several motivational theories. Herzberg's two-factor theory supports the idea of job enrichment in its proposal that increasing the intrinsic factors of a job will increase an employee's satisfaction with a job. Flexibility is an important link in linking rewards to personal goals in the expectancy theory.

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## Money as a Motivator

Rewarding people with money is one of the oldest applied performance practices. At its most basic level, money and other

financial rewards represent a form of exchange; employees provide labour, skills, and knowledge in return for money and benefits from the organization. Money, however, is much more than a form of compensation. It relates to an individual's needs, emotions, and self-concept. Money can be a symbol of achievement and status, a motivator, a source of enhanced or reduced anxiety, and an influence on our propensity to make ethical or risky decisions.

The motivational effect of money is much greater than previously believed, and its effect is due more to its symbolic value than to what it can buy.

*The love of money is not only one of the strongest moving forces of human life, but money is, in many cases, desired in and for itself.*

*-Philosopher John Stuart Mill*

People who earn higher pay tend to have higher job performance because the higher pay cheques enhance their self-concept evaluation.

Financial rewards come in many forms, which can be organized into four specific objectives:

1. **Membership and seniority** – based on membership within the organization (full-time employee status) and number of years with the organization. While this type of financial reward system potentially reduces turnover and attracts job applicants, it does not directly motivate job performance.
2. **Job Status** – job status-based rewards try to improve feelings of fairness by distributing more pay to people in

higher-valued jobs. While these rewards motivate employees to compete for promotions, they also have the potential to encourage a bureaucratic organization.

3. **Competencies** – competency-based pay structures identify clusters of skills, knowledge, and experience specific to each broad job group as well as clusters relevant across all job groups. Employees progress through the pay range within their job group as they demonstrate higher levels of those capabilities. While this type of reward system motivates employees to learn new skills and gain additional knowledge, they are often over-designed, making it difficult to communicate these pay systems to employees.
4. **Performance** – performance-based pay structures focus on task performance, rewarding individuals based on completion of assigned tasks. They can also vary based on individual, team, and organization performance-based reward systems. While individual-based structures may clearly link performance to reward, team and organizational structures are less clear, which could negatively impact motivation.

## Financial Reward Objectives, Advantages, and Disadvantages

<b>Membership/ Seniority</b>	<ul style="list-style-type: none"> <li>• Fixed pay</li> <li>• Most employee benefits</li> <li>• Paid time off</li> </ul>	<ul style="list-style-type: none"> <li>• May attract applicants</li> <li>• Minimizes stress of insecurity</li> <li>• Reduces turnover</li> </ul>	<ul style="list-style-type: none"> <li>• Doesn't directly motivate performance</li> <li>• May discourage poor performers from leaving</li> <li>• "Golden handcuffs" may undermine performance</li> </ul>
<b>Job Status</b>	<ul style="list-style-type: none"> <li>• Promotion-based pay increase</li> <li>• Status-based benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Tries to maintain internal equity</li> <li>• Minimizes pay discrimination</li> <li>• Motivates employees to compete for promotions</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage hierarchy, which may increase cost and reduce responsiveness</li> <li>• Reinforces status differences</li> <li>• Motivates job competition and exaggerate job worth</li> </ul>
<b>Competencies</b>	<ul style="list-style-type: none"> <li>• Pay increase based on competency</li> <li>• Skill-based pay</li> </ul>	<ul style="list-style-type: none"> <li>• Improves workforce flexibility</li> <li>• Tends to improve quality</li> <li>• Motivates career development</li> </ul>	<ul style="list-style-type: none"> <li>• Relies on subjective measurement of competencies</li> <li>• Skill-based plans are expensive</li> </ul>

## Financial Reward Objectives, Advantages, and Disadvantages

### Task Performance

- Commissions
- Merit pay
- Gainsharing
- Profit sharing
- Share options

- Motivates task performance
- Attracts performance-oriented applicants
- Organizational rewards create an ownership culture
- Pay variability may avoid layoffs during downturns

- May weaken intrinsic motivation
- May distance reward giver from receiver
- May discourage creativity
- Tends to address symptoms underlying causes of behaviour



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# Classroom Activity: A Reward Allocation Decision



## A Reward Allocation Decision

**Objective:** We have discussed the importance of developing a comprehensive approach to motivating and incentivizing employees. We highlighted several models of motivation and how this can impact employees throughout the organization. This activity is designed to highlight how complex and challenging it can be to allocate rewards to employees equitably.

**Instructions:**

You are in charge of allocating a \$12,000 bonus to a team that recently met an important deadline. The team was in charge of designing a Web-based product for a client. The project lasted a year. There were five people on the team. Your job is to determine each person's share of the bonus.

**Team Members:**

**Devin:** Project manager. He was instrumental in securing the client, coordinating everyone's effort, and managing relationships with the client. He put in a lot of extra hours for this project. His annual salary is \$80,000. He is independently wealthy, drives an expensive car, and does not have any debt. He has worked for the company for 5 years and worked on the project from the beginning.

**Alice:** Technical lead. She oversaw the technical aspects of the project. She resolved many important technical issues. During the project, while some members worked extra hours, she refused to stay at the office outside regular hours. However, she was productive during regular work hours, and she was accessible via e-mail in the evenings. Her salary is \$50,000. She is a single mother and has a lot of debt. She has worked for the company for 4 years and worked on the project for 8 months.

**Erin:** Graphic designer. She was in charge of the creative aspects of the project. She experimented with many looks, and while doing that she slowed down the entire team. Brice and Carrie were mad at her because of the many mistakes she made during the project, but the look and feel of the project eventually appealed to the client, which resulted in repeat business. Her salary is \$30,000. She is single and lives to party. She has worked for the company for 2 years and worked on this project from the beginning.

**Brice:** Tester. He was in charge of finding the bugs in the project and ensuring that it worked. He found many bugs, but he was not very aggressive in his testing. He misunderstood many things, and many of the bugs he found were not really bugs but his misuse of the system. He had a negative attitude toward the whole project, acted very pessimistically regarding the likelihood of success, and demoralized the team. His salary is \$40,000. He has accumulated a large credit card debt. He has worked for the company for 3 years and worked on the project in the last 6 months.

**Carrie:** Web developer. She was in charge of writing the code.

She was frustrated when Erin slowed down the entire project because of her experimentation. Carrie was primarily responsible for meeting the project deadline because she put in a lot of extra work hours. Her salary is \$50,000. Her mother has ongoing health issues, and Carrie needs money to help her. She worked for the company for the past year and was involved in this project for 6 months.

***Be prepared to discuss your decision.***

# Classroom Activity: Motivation Scenarios



## Motivation Scenarios

**Purpose:** To apply motivation theory to workplace scenarios.

**Instructions:** Using what you have learned about motivation theories, examine the following scenarios.

1. Using what you know of equity theory, examine the following scenario: Devin has been working with his organization for two (2) years and has been very happy in his position; however, he has recently discovered that Aiden is making more money than him. Aiden has worked with the organization for the same amount of time and has similar educational and work experience as Devin. Identify who the referent is in this case and how that has impacted Devin's perceptions of his workplace. Discuss what some of the potential outcomes could be as a result of Devin's discovery.
2. You have been employed by a prominent legal firm at the

completion of your program. You have been told that as long as you work a 40-hour workweek, complete tasks on time, and continually apply what you have learned on the job you will obtain permanent employment. Using Vroom's expectancy theory, identify the three parts of the model and discuss if this will be sufficient to keep you motivated. Why or why not?

3. You have an employee who just handled a difficult client exceptionally well. The situation, which could have resulted in the loss of a contract worth \$250 000 was averted due to the quick thinking and calm response of the project manager. As the CEO you want to recognize the employee but are limited as to what you can do and don't want to create animosity with other project managers who are also capable and competent at their jobs. How would you handle this situation?
4. An employee comes to you, the manager of your department, asking for a raise. Based on the employee's file, the employee is already being paid at the highest level of the company's pay scale and has been with the company for five years. Because the employee is already being paid at the highest level of the pay scale you are unable to provide the requested raise. Discuss how you could keep the employee motivated without offering more money.

**Be prepared to share.**

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PART IV  
TEAM DYNAMICS



# Module Introduction



## Module 4 Team Dynamics

By understanding team dynamics, you can learn how to communicate, cooperate, and collaborate effectively with others. You can also develop skills such as conflict resolution, problem-solving, and leadership, which are essential for success in the workplace. Additionally, understanding team dynamics can help you to build stronger professional relationships, improve productivity, and achieve better results in your work.

In this module, you will examine strategies for creating effective workplace teams.

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### Learning Objectives

1. Differentiate between groups and teams

2. Discuss the formation and development of teams
3. Discuss factors that lead to team effectiveness
4. Describe different types of teams
5. Consider the advantages and disadvantages of teams

# Classroom Activity: Marshmallows, spaghetti, tape, and teams?



## Marshmallows, spaghetti, tape, and teams?

**Purpose:** Being able to work as part of a team is an important skill regardless of whether you work face-to-face, remotely, or in a hybrid environment. The purpose of this activity is to demonstrate course related concepts from the teams content section.

**Time frame:** 30 minutes (5 minutes for instructions and set up, 15 minutes to build, 10 minutes for discussion)

**Instructions:**

1. Your instructor will assign you to be a part of a team. Some

teams will be large, and some will be small but the instructions for each team will remain the same.

2. Teams will be provided with building materials (E.g., a marshmallow, 20 pieces of spaghetti, and an arm's length of tape).

3. Each team will be given 15 minutes to build the tallest, free-standing structure possible.

# Differences Between Groups and Teams



## Differences Between Groups and Teams

Groups and teams are both important structures in the workplace that facilitate collaboration and cooperation among employees. While these terms are often used interchangeably, there are some differences between the two.

A group is a collection of individuals who come together for a specific purpose, but they may not necessarily share common goals or work together towards a common objective. Groups can be formal or informal and can exist within or outside an organization.

On the other hand, a team is a group of individuals who share a common goal or objective and work together to achieve it. Unlike groups, teams are formed with a specific purpose in mind and require a coordinated effort to succeed. Team members often have different roles and responsibilities, but

they work together towards a common goal, relying on each other's strengths to achieve success.

Both groups and teams can be beneficial to organizations, depending on their purpose and structure. Groups can provide opportunities for networking, brainstorming, and sharing information, while teams can increase productivity, creativity, and innovation through collaboration and a shared sense of purpose.

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## Types of Groups: Formal and Informal

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

In organizations, you may encounter different types of groups. **Informal work groups** are made up of two or more individuals who are associated with one another in ways not prescribed by the formal organization. For example, a few people in the company who get together to play tennis on the weekend would be considered an informal group. A **formal work group** is made up of managers, subordinates, or both with close associations among group members that influence the behavior of individuals in the group[1].

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# Teams

Why do we say group instead of team? A collection of people is not a team, though they may learn to function in that way. A **team** is a cohesive coalition of people working together to achieve mutual goals. Being on a team does not equate to total suppression of personal agendas, but it does require a commitment to the vision and involves each individual working toward accomplishing the team's objective. Teams differ from other types of groups in that members are focused on a joint goal or product, such as a presentation, discussing a topic, writing a report, creating a new design or prototype, or winning a team Olympic medal. Moreover, teams also tend to be defined by their relatively smaller size. For example, according to one definition, "A team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they are mutually accountable"[1].



The purpose of assembling a team is to accomplish larger, more complex goals than what would be possible for an individual working alone or even the simple sum of several individuals working

independently. Teamwork is also needed in cases in which multiple skills are tapped or where buy-in is required from several individuals. Teams can, but do not always, provide improved performance. Working together to further a team agenda seems to increase cooperation between what are often competing factions. The aim and purpose of a team are to perform, get results, and achieve victory in the workplace. The

best managers are those who can gather together a group of individuals and mold them into an effective team.

The key properties of a true team include collaborative action in which, along with a common goal, teams have collaborative tasks. Conversely, in a group, individuals are responsible only for their own area. They also share the rewards of strong team performance with their compensation based on shared outcomes. Compensation of individuals must be based primarily on a shared outcome, not individual performance. Members are also willing to sacrifice for the common good, in which individuals give up scarce resources for the common good instead of competing for those resources. For example, in soccer and basketball teams, the individuals actively help each other, forgo their own chance to score by passing the ball and win or lose collectively as a team.

It is important to keep in mind that teams are not a cure-all for organizations. To determine whether a team is needed, organizations should consider whether a variety of knowledge, skills, and abilities are needed, whether ideas and feedback are needed from different groups within the organization, how interdependent the tasks are, if wide cooperation is needed to get things done, and whether the organization would benefit from shared goals. If the answer to these questions is yes, then a team or teams might make sense.

There are many types of teams in organizations, and each type can be distinguished by three characteristics: team permanence, skill diversity, and authority dispersion[2]. **Team permanence** refers to how long that type of team usually exists. For example, departments such as accounting and marketing are long-lasting structures in the organization and therefore have high permanence. A team has high **skill diversity** when its members possess different skills and knowledge, and individuals are rarely interchangeable. Finally, **authority dispersion** refers to the degree that decision-making is distributed through the team (high dispersion) or is vested

in one or a few members (low dispersion). Explore below how each characteristic appears in different types of teams:

## Team Permanence, Skill Diversity, and Authority Dispersion

Team Type	Description	Team Characteristics
<b>Departmental teams</b>	Teams that consist of employees who have similar or complementary skills and are located in the same unit of a functional structure; usually have minimal task interdependence because each person works with clients or with employees in other departments.	<p><i>Team permanence:</i> High – departments continue indefinitely.</p> <p><i>Skill diversity:</i> Low to medium – departments are often organized around common skills (e.g., accounting staff located in the accounting department).</p> <p><i>Authority dispersion:</i> Low – departmental power is usually concentrated in the departmental manager.</p>
<b>Self-directed teams</b>	Teams whose members are organized around work processes that complete an entire piece of work requiring several interdependent tasks and have substantial autonomy over the execution of those tasks (i.e., they usually control inputs, flow, and outputs with little or no supervision).	<p><i>Team permanence:</i> High – teams are usually assigned indefinitely to a specific cluster of production or service activities.</p> <p><i>Skill diversity:</i> Medium to high – members typically perform different tasks requiring some diverse skill sets, but cross-training can somewhat reduce skill diversity.</p> <p><i>Authority dispersion:</i> High – team members share power, usually with limited hierarchical authority.</p>

## Team Permanence, Skill Diversity, and Authority Dispersion

### Task force/ project teams

Cross-functional teams whose members are usually drawn from several disciplines to solve a specific problem, realize an opportunity, or design a product or service.

*Team permanence:* Low – teams typically disband on completion of a specific project.

*Skill diversity:* Medium to high – members are typically drawn from several functional specializations associated with the complexity of the problem or opportunity.

*Authority dispersion:* Medium – teams often have someone with formal authority (project lead), but members also have moderate power due to their expertise and functional representation.

# Types of Teams



## Types of Teams

In the modern business world, teamwork is crucial for the success and growth of an organization. Workplace teams, which bring together individuals with varying skills and expertise, provide an effective way to accomplish tasks and achieve organizational goals. Depending on the specific requirements and objectives, there are several types of teams that can be formed within a workplace. These include functional teams, cross-functional teams, self-directed teams, virtual teams, project teams, and management or executive teams. Each of these team types has unique characteristics, advantages, and disadvantages, and understanding these is key to leveraging them effectively for optimal performance and results.

Workplace teams can be categorized in various ways, but typically, they can be classified into the following categories:

## Functional Teams



These teams are composed of individuals from the same department or area of specialization. For example, an HR team, a finance team, or a marketing team would fall under this category.

**Advantages:** High level of expertise in a specific area; shared language and understanding; efficient at tasks within their area of knowledge.

**Disadvantages:** May develop a silo mentality and lack

understanding of broader organizational goals; can experience difficulty in communicating effectively with other functional teams due to different “languages” or understanding.

# Cross-Functional Teams



These teams consist of members from different departments. For example, a team working on a new product launch might include representatives from marketing, product development, sales, and customer service.

**Advantages:** Diversity of perspectives; increased creativity and innovation; better coordination across departments.

**Disadvantages:** Potential for conflicts due to different perspectives; may struggle with communication and decision-making due to lack of shared language or understanding.

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# Self-Directed Teams



These teams are given the authority and resources to solve problems or achieve goals without significant management intervention.

**Advantages:** Increased motivation and commitment; opportunities for skill development; often more responsive and flexible.

**Disadvantages:** May struggle without clear direction; potential for interpersonal issues or

conflicts; requires a high degree of trust from management.

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## Virtual Teams



These teams work together remotely, often relying on technology for communication and collaboration.

- **Advantages:** Greater flexibility; access to a wider pool of talent; reduced overhead costs.

- **Disadvantages:** Lack of face-to-face interaction can lead to communication issues and feelings of isolation; requires self-discipline and

effective time management.

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## Project Teams



These teams are assembled to complete a specific project and usually disband once the project is completed.

**Advantages:** Clear focus on a specific goal; enables the organization to tackle multiple projects simultaneously.

**Disadvantages:** Team members may lack commitment if they know the team is temporary; potential for conflicts due to

different perspectives or competing priorities.

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## Management or Executive Teams



These teams consist of top-level managers and executives, and they make strategic decisions that affect the entire organization.

**Advantages:** Can make high-level decisions quickly; have a broad view of organizational goals and strategies.

**Disadvantages:** May be disconnected from day-to-day operations and employees' perspectives;

potential for groupthink, where critical thinking may be devalued in favor of consensus.

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The dynamic nature of today's business environment necessitates the use of diverse team structures within the workplace. Functional, cross-functional, self-directed, virtual, project, and management teams all offer unique benefits and face distinct challenges. The key to maximizing team effectiveness lies in understanding these intricacies and selecting the right team structure for each specific task or project. However, irrespective of the type of team, it's imperative that clear communication, mutual respect, effective leadership, and a shared vision are fostered within these teams. This not only boosts team morale but also enhances productivity, leading to the overall success of the organization.

# Models of Team Development



## Models of Team Development

Models of team development are frameworks that describe the stages that teams go through as they form, develop, and ultimately achieve their goals. Understanding these models can help team members and leaders better manage the team and ensure that it is functioning effectively.

One of the most widely recognized models of team development is Tuckman's stages of group development. This model outlines four stages: forming, storming, norming, and performing. In the forming stage, team members get to know each other and define the team's goals and objectives. In the storming stage, conflicts and differences of opinion may arise, which can be addressed through open communication and collaboration. In the norming stage, team members develop a shared understanding of their roles and responsibilities and work towards a common goal. Finally, in the performing stage, the team is highly productive and achieves its goals.

Another popular model is the punctuated equilibrium model. This model suggests that teams go through a period of initial formation and goal-setting, followed by a period of low activity and slow progress. Eventually, a “midpoint” is reached, which prompts the team to re-evaluate its goals and processes and make changes to achieve success in the remaining time.

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## Tuckman’s Stages of Group Development

American organizational psychologist Bruce Tuckman presented a robust model in 1965 that is still widely used today. Based on his observations of group behavior in a variety of settings, he proposed a four-stage map of group evolution, also known as the **forming-storming-norming-performing model**[3]. Later he enhanced the model by adding a fifth and final stage, the ***adjourning phase***. Interestingly enough, just as individuals move through developmental stages such as childhood, adolescence, and adulthood, so does a group, although in a much shorter period. According to this theory, to successfully facilitate a group, the leader needs to move through various leadership styles over time. Generally, this is accomplished by first being more directive, eventually serving as a coach, and later, once the group can assume more power and responsibility for itself, shifting to a delegator. While research has not confirmed that this is descriptive of how groups progress, knowing and following these steps can help groups be more effective. For example, groups that do not go through the storming phase early on will often return to this stage toward the end of the group process to address unresolved issues. Another example of the validity of the group

development model involves groups that take the time to get to know each other socially in the forming stage. When this occurs, groups tend to handle future challenges better because the individuals have an understanding of each other's needs.



*Figure: Stages of the Group Development Model*

*sdfg*

## Forming

In the **forming** stage, the group comes together for the first time. The members may already know each other or they may be total strangers. In either case, there is a level of formality, some anxiety, and a degree of guardedness as group members are not sure what is going to happen next. "Will I be accepted? What will my role be? Who has the power here?" These are some of the questions participants think about during this stage of group formation. Because of the large amount of uncertainty, members tend to be polite, conflict-avoidant, and observant. They are trying to figure out the "rules of the game" without being too vulnerable. At this point, they may also be quite excited and optimistic about the task at hand, perhaps experiencing a level of pride at being chosen to join a particular group. Group members are trying to achieve several goals at this stage, although this may not necessarily be done consciously. First, they are trying to get to know each other. Often this can be accomplished by finding some common ground. Members also begin to explore group boundaries to determine what will be considered acceptable behavior. "Can I interrupt? Can I leave when I feel like it?" This trial phase may also involve testing the appointed leader or seeing if a leader emerges from the group. At this point, group members are also discovering how the group will work in terms of what needs to be done and who will be responsible for each task. This stage is often characterized by abstract discussions about issues to be addressed by the group; those who like to get moving can become impatient with this part of the process. This phase is usually short, perhaps a meeting or two.

## Storming

Once group members feel sufficiently safe and included, they tend to enter the **storming** phase. Participants focus less on keeping their guard up as they shed social facades, becoming more authentic and more argumentative. Group members begin to explore their power and influence, and they often stake out their territory by differentiating themselves from the other group members rather than seeking common ground. Discussions can become heated as participants raise contending points of view and values, or argue over how tasks should be done and who is assigned to them. It is not unusual for group members to become defensive, competitive, or jealous. They may even take sides or begin to form cliques within the group. Questioning and resisting direction from the leader is also quite common. "Why should I have to do this? Who designed this project in the first place? Why do I have to listen to you?" Although little seems to get accomplished at this stage, group members are becoming more authentic as they express their deeper thoughts and feelings. What they are really exploring is "Can I truly be me, have power, and be accepted?" During this chaotic stage, a great deal of creative energy that was previously buried is released and available for use, but it takes skill to move the group from storming to norming. In many cases, the group gets stuck in the storming phase. Once group members discover that they can be authentic and that the group is capable of handling differences without dissolving, they are ready to enter the next stage, norming.

## Norming

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

## Performing

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

## Adjourning

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

## OB Toolbox: Avoid Getting Stuck in the Storming Phase!

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

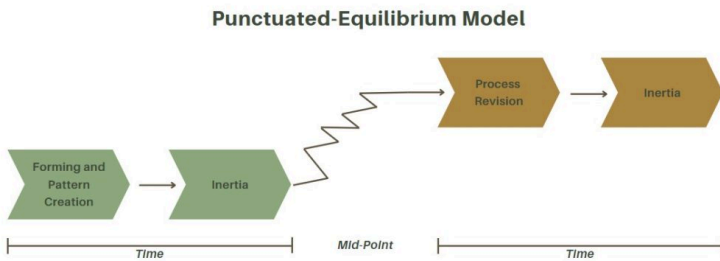
- **Normalize conflict.** Let members know this is a natural phase in the group formation process.
- **Be inclusive.** Continue to make all members feel included and invite all views into the room. Mention how diverse ideas and opinions help foster creativity and innovation.
- **Make sure everyone is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

# The Punctuated-Equilibrium Model

As you may have noted, the five-stage model we have just reviewed is a linear process. According to the model, a group progresses to the performing stage, at which point it finds itself in an ongoing, smooth-sailing situation until the group dissolves. In reality, subsequent researchers, most notably Joy H. Karriker, have found that the life of a group is much more dynamic and cyclical in nature[4]. For example, a group may operate in the performing stage for several months. Then, because of a disruption, such as a competing emerging technology that changes the rules of the game or the introduction of a new CEO, the group may move back into the storming phase before returning to performing. Ideally, any regression in the linear group progression will ultimately result in a higher level of functioning. Proponents of this cyclical model draw from behavioral scientist Connie Gersick's study of punctuated equilibrium[5].

The concept of punctuated equilibrium was first proposed in 1972 by paleontologists Niles Eldredge and Stephen Jay Gould, who both believed that evolution occurred in rapid, radical spurts rather than gradually over time. Identifying numerous examples of this pattern in social behavior, Gersick found that the concept applied to organizational change. She proposed that groups remain fairly static, maintaining a certain equilibrium for long periods. Change during these periods is incremental, largely due to the resistance to change that arises when systems take root and processes become institutionalized. In this model, revolutionary change occurs in brief, punctuated bursts, generally catalyzed by a crisis or problem that breaks through the systemic inertia and shakes up the deep organizational structures in place. At this point, the organization or group has the opportunity to learn and

create new structures that are better aligned with current realities. Whether the group does this is not guaranteed. In sum, in Gersick's model, groups can repeatedly cycle through the storming and performing stages, with revolutionary change taking place during short transitional windows. For organizations and groups who understand that disruption, conflict, and chaos are inevitable in the life of a social system, these disruptions represent opportunities for innovation and creativity.



*Figure: The Punctuated Equilibrium Model*

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## Group Cohesion

Cohesion can be thought of as a kind of social glue. It refers to the degree of camaraderie within the group. Cohesive groups are those in which members are attached and act as one unit. Generally speaking, the more cohesive a group is, the more

productive it will be and the more rewarding the experience will be for the group's members[6]. Members of cohesive groups tend to have the following characteristics: They have a collective identity; they experience a moral bond and a desire to remain part of the group; they share a sense of purpose, working together on a meaningful task or cause; and they establish a structured pattern of communication.

The fundamental factors affecting group cohesion include the following:

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

As you might imagine, there are many benefits to creating a cohesive group. Members are generally more personally satisfied and feel greater self-confidence and self-esteem when in a group where they feel they belong. For many, membership in such a group can be a buffer against stress, which can improve mental and physical well-being. Because members are invested in the group and its work, they are more likely to regularly attend and actively participate in the group, taking more responsibility for the group's functioning. In addition, members can draw on the strength of the group to

persevere through challenging situations that might otherwise be too hard to tackle alone.

## OB Toolbox: Steps to Creating and Maintaining a Cohesive Team

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

diversity a norm.

- ***Establish common rituals.*** Thursday morning coffee, and monthly potlucks—reaffirm group identity and create shared experiences.

### **Can a Group Have Too Much Cohesion?**

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

The more strongly members identify with the group, the easier it is to see outsiders as inferior, or enemies in extreme cases, which can lead to increased insularity. This form of prejudice can have a downward spiral effect. Not only is the group not getting corrective feedback from within its confines, it is also closing itself off from input and cross-fertilization of ideas from the outside. In such an environment, groups can easily adopt extreme ideas that will not be challenged. Denial increases as problems are ignored and failures are blamed on external factors. With limited, often biased, information and

no internal or external opposition, groups like these can make disastrous decisions. **Groupthink** is a group pressure phenomenon that increases the risk of the group making flawed decisions by allowing reductions in mental efficiency, reality testing, and moral judgment. Groupthink is most common in highly cohesive groups[7].

Cohesive groups can go awry in much milder ways. For example, group members can value their social interactions so much that they have fun together but spend little time on accomplishing their assigned task. Or a group's goal may begin to diverge from the larger organization's goal and those trying to uphold the organization's goal may be ostracized (e.g., teasing the class "brain" for doing well in school).

In addition, research shows that cohesion leads to acceptance of group norms[8]. Groups with high task commitment do well, but imagine a group where the norms are to work as little as possible. As you might imagine, these groups get little accomplished and can work together against the organization's goals.[1]

	Low task commitment	High task commitment
Low group cohesion	Low performance	Performance ranges depending on a number of factors
High group cohesion	Low performance	High performance

Figure: Group Cohesion

## Social Loafing

**Social loafing** refers to the tendency of individuals to put in less effort when working in a group context. This phenomenon, also known as the Ringelmann effect, was first noted by French agricultural engineer Max Ringelmann in 1913. In one study, he had people pull on a rope individually and in groups. He found that as the number of people pulling increased, the group's total pulling force was less than the individual efforts had been when measured alone[9].

Why do people work less hard when they are working with other people? Observations show that as the size of the group grows, this effect becomes larger as well[10]. The social loafing tendency is less a matter of being lazy and more a matter of perceiving that one will receive neither one's fair share of rewards if the group is successful nor blame if the group fails. Rationales for this behavior include, "My own effort will have little effect on the outcome," "Others aren't pulling their weight, so why should I?" or "I don't have much to contribute, but no one will notice anyway." This is a consistent effect

across a great number of group tasks and countries[11]. Research also shows that perceptions of fairness are related to less social loafing[12]. Therefore, teams that are deemed as more fair should also see less social loafing.

## OB Toolbox: Tips for Preventing Social Loafing in Your Group

When designing a group project, here are some considerations to keep in mind:

- **Carefully choose the number of individuals you need to get the task done.** The likelihood of social loafing increases as group size increases (especially if the group consists of 10 or more people), because it is easier for people to feel unneeded or inadequate, and it is easier for them to “hide” in a larger group.
- **Clearly define each member’s tasks in front of the entire group.** If you assign a task to the entire group, social loafing is more likely. For example, instead of stating, “By Monday, let’s find several articles on the topic of stress,” you can set the goal of “By Monday, each of us will be responsible for finding five articles on the topic of stress.”

When individuals have specific goals, they become more accountable for their performance.

- ***Design and communicate to the entire group a system for evaluating each person's contribution.*** You may have a midterm feedback session in which each member gives feedback to every other member. This would increase the sense of accountability individuals have. You may even want to discuss the principle of social loafing to discourage it.
- ***Build a cohesive group.*** When group members develop strong relational bonds, they are more committed to each other and the success of the group, and they are therefore more likely to pull their weight.
- ***Assign tasks that are highly engaging and inherently rewarding.*** Design challenging, unique, and varied activities that will have a significant impact on the individuals themselves, the organization, or the external environment. For example, one group member may be responsible for crafting a new incentive-pay system through which employees can direct some of their bonuses to their favorite nonprofits.
- ***Make sure individuals feel that they are needed.*** If the group ignores a member's contributions because these contributions do not meet the group's performance standards, members will feel discouraged and are unlikely to contribute in the future. Make sure that everyone feels included and needed by the group.

## Collective Efficacy

Collective efficacy refers to a group's perception of its ability to successfully perform well[13]. Collective efficacy is influenced by a number of factors, including watching others (“that group did it and we’re better than them”), verbal persuasion (“we can do this”), and how a person feels (“this is a good group”). Research shows that a group's collective efficacy is related to its performance[14]>. In addition, this relationship is higher when task interdependence (the degree an individual's task is linked to someone else's work) is high rather than low.[1]

# Classroom Activity: Team Dynamic Scenarios



## Team Dynamics Scenarios

**Purpose:** As the course materials highlight, teams progress through a series of stages that can impact their ability to perform effectively. This activity aims to apply what you have learned about teams and team dynamics to each of the following scenarios.

**Time frame:** 30 minutes (20 minutes to discuss the scenarios with group members, 10 minutes classroom discussion)

**Instructions:**

In groups of 3 – 4 discuss each of the following scenarios:

1. You are a manager of a team that is taking a long time to move through the Storming stage. There are two individuals on the team that seem to be unproductive when dealing with conflict and are holding the team back.

What would you do to help the team move through conflict management and begin Norming and Performing?

2. One of your direct reports on your team is very focused on his own personal development. He is a strong employee individually but hasn't had as much experience working in a team environment on a project. He wants to do well but isn't exactly sure how to work within this context. How would you instruct him?
3. You are leading a team responsible for a very important strategic initiative at your company. You have launched the project, and your team is very motivated and excited to move forward. You have the sense, however, that your sponsor and some other stakeholders are not fully engaged. What do you do to engage them?
4. You are the project manager of a cross-functional team project that was just approved. You have been given several good team members who are from different functions, but many of them think similarly and are unlikely to question each other on team decisions. You have the choice of keeping a homogeneous team that will probably have few team issues or building a diverse team that may well engage in conflict and take much longer to come to decisions. What choice would you make? What other information would you want to know to make the decision?
5. You are the director of a multicultural team with employees across the globe. Your team rarely has the opportunity to meet in person, but you have been given the budget to bring everyone together for a week-long global team meeting and team building. How would you structure the time together? What are some of the activities you would suggest to build stronger relationships among team members?

# Team Effectiveness



## Team Effectiveness

So, why are some teams effective while others fail? To answer this question, we first need to clarify the meaning of team effectiveness. A team is effective when it benefits the organization and its members and survives long enough to accomplish its mandate[15].

Designing an effective team means making decisions about team composition (who should be on the team), team size (the optimal number of people on the team), and team diversity (should team members be of similar backgrounds, such as all engineers, or of different backgrounds). Teams need to exist to serve some organizational purpose, therefore effectiveness is partly measured by the achievement of that objective. A team's effectiveness also relies on the satisfaction and well-being of its members. Finally, the team members need to be motivated enough to remain together long enough to accomplish the assigned objective. Consider the Team Effectiveness Model below:

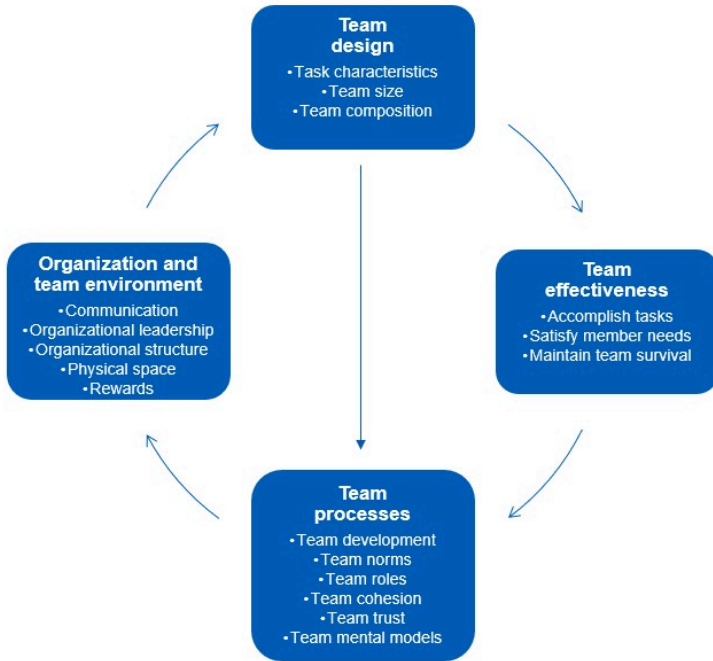


Figure: Team Effectiveness Model

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## Who are the Best Individuals for the Team?

A key consideration when forming a team is to ensure that all the team members are qualified for the roles they will fill for the team. This process often entails understanding the knowledge, skills, and abilities (KSAs) of team members as well

as the personality traits needed before starting the selection process[16]. When talking to potential team members, be sure to communicate the job requirements and norms of the team. To the degree that this is not possible, such as when already existing groups are utilized, think of ways to train the team members as much as possible to help ensure success. In addition to task knowledge, research has shown that individuals who understand the concepts such as conflict resolution, motivation, planning, and leadership, actually perform better in their jobs. This finding holds for a variety of jobs, including being an officer in the Royal Canadian Air Force, an employee at a pulp mill, or a team member at a box manufacturing plant[17].

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## How Large Should My Team Be?



Interestingly, research has shown that regardless of team size, the most active team member speaks 43% of the time. The difference is that the team member who participates the least

in a 3-person team is still active 23% of the time versus only 3% in a 10-person team[18]. When deciding team size, a good rule of thumb is a size of two to 20 members. Research shows that groups with more than 20 members have less cooperation[19]. The majority of teams have 10 members or fewer, because the larger the team, the harder it is to coordinate and interact as a team.

With fewer individuals, team members are more able to work through differences and agree on a common plan of action. They have a clearer understanding of others' roles and greater accountability to fulfill their roles (remember social loafing?). Some tasks, however, require larger team sizes because of the need for diverse skills or because of the complexity of the task. In those cases, the best solution is to create subteams in which one member from each subteam is a member of a larger coordinating team. The relationship between team size and performance seems to greatly depend on the level of task interdependence, with some studies finding larger teams outproducing smaller teams and other studies finding just the opposite[20]. The bottom line is that team size should be matched to the goals of the team.

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## How Diverse Should My Team Be?

Team composition and team diversity often go hand in hand. Teams whose members have complementary skills are often more successful because members can see each other's blind spots. One team member's strengths can compensate for another's weaknesses[21]. For example, consider the challenge

that companies face when trying to forecast future sales of a given product. Workers who are educated as forecasters have the analytic skills needed for forecasting, but these workers often lack critical information about customers. Salespeople, in contrast, regularly communicate with customers, which means they're in the know about upcoming customer decisions. But salespeople often lack the analytic skills, discipline, or desire to enter this knowledge into spreadsheets and software that will help a company forecast future sales. Putting forecasters and salespeople together on a team tasked with determining the most accurate product forecast each quarter makes the best use of each member's skills and expertise.

Diversity in team composition can help teams come up with more creative and effective solutions. Research shows that teams that believe in the value of diversity performed better than teams that do not[22]. The more diverse a team is in terms of expertise, gender, age, and background, the more ability the group has to avoid the problems of groupthink[23]. For example, different educational levels for team members were related to more creativity in R&D teams and faster time to market for new products[24]. Members will be more inclined to make different kinds of mistakes, which means that they'll be able to catch and correct those mistakes.

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## Team Roles

An inherent part of the team development process is assigning and maintaining team roles. A **role** is a set of expected behaviors that people are expected to perform because they hold specific formal or informal positions in a team and organization. Within a role there is

- **Role identity:** the certain actions and attitudes that are consistent with a particular role.
- **Role perception:** our own view of how we ourselves are supposed to act in a given situation. We engage in certain types of performance based on how we feel we're supposed to act.
- **Role expectations:** how others believe one should act in a given situation
- **Role conflict:** conflict arises when the duties of one role conflict with the duties of another role.

Experts have attempted to categorize the team roles that have been proposed over the years. Here are some of the most common:

Role	Description
<b>Organizer</b>	A team member who acts to structure what the team is doing. An Organizer also keeps track of accomplishments and how the team is progressing relative to goals and timelines.
<b>Doer</b>	A team member who willingly takes on work and gets things done. A Doer can be counted on to complete work, meet deadlines, and take on tasks to ensure the team's success. This person should focus on goal accomplishment.
<b>Challenger</b>	A team member who will push the team to explore all aspects of a situation and to consider alternative assumptions, explanations, and solutions. A Challenger often asks "why" and is comfortable debating and critiquing. Think of this role as the team's devil's advocate.
<b>Innovator</b>	A team member who regularly generates new and creative ideas, strategies, and approaches for how the team can handle various situations and challenges. An Innovator often offers original and innovative suggestions.
<b>Team builder</b>	A team member who helps establish norms, supports decisions, and maintains a positive work atmosphere within the team. A Team Builder calms members when they are stressed, and motivates them when they are down.
<b>Connector</b>	A team member who helps bridge and connect the team with people, groups, or other stakeholders outside the team. Think of Connectors as "boundary spanners," who ensure good working relationships between teams and "outsiders."

## Team Norms

**Norms** are shared expectations about how things operate within a group or team. Just as new employees learn to understand and share the assumptions, norms, and values that are part of an organization's culture, they also must learn the

norms of their immediate team. This understanding helps teams be more cohesive and perform better. Norms are a powerful way of ensuring coordination within a team. For example, is it acceptable to be late for meetings? How prepared are you supposed to be at the meetings? Is it acceptable to criticize someone else's work? These norms are shaped early during the life of a team and affect whether the team is productive, cohesive, and successful.



## **Square Wheels Exercise and Group Discussion**



*Michael Vroegop – a bike that can only run on special roads. –*

***Sometimes it can be challenging to start a conversation around team ground rules and performance. The following exercise can be used to get individuals talking about what works and what doesn't work in teams they've worked in and how your team can be designed most effectively.***

What is happening in this picture represents how many organizations seem to operate. On a piece of paper have everyone in your team write on this form

and identify as many of the key issues and opportunities for improvement as you can. Following this, have a conversation about what this illustration might mean for your own team.

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## Team Cohesion

**Cohesiveness** is the degree to which team members enjoy collaborating with the other members of the team and are motivated to stay in the team.

Cohesiveness is related to a team's productivity. In fact, the higher the cohesiveness, the more there's a chance of low productivity, if norms are not established well. If the team established solid, productive performance norms and their cohesiveness is high, then their productivity will ultimately be high. If the team did not establish those performance norms and their cohesiveness is high, then their productivity is doomed to be low. Think about a group of high school friends getting together after school to work on a project. If they have a good set of rules and tasks divided amongst them, they'll get the project done and enjoy the work. And, without those norms, they will end up eating Hot Pockets and playing video games until it's time to go home for dinner.

There are ways to increase cohesiveness within a team. A team leader can:

- shrink the size of the team to encourage its members to

- get to know each other and can interact with each other.
- increase the time the team spends together, and even increase the status of the team by making it seem difficult to gain entry to it.
  - help the team come to an agreement around its goals.
  - reward the entire team when those goals are achieved, rather than the individuals who made the biggest contributions to it.
  - stimulate competition with other teams.
  - isolate the team physically.

All of these actions can build the all-important cohesiveness that impacts productivity.

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## Group Think

It is also important to note that teams can also have their disadvantages. Consider the team groupthink. **Groupthink** is a group decision-making phenomenon that prevents a group from making good decisions. Groupthink occurs when the group is so enamored with the idea of agreement that the desire for consensus overrides and stifles the proposal and evaluation of realistic alternatives.

## NASA's Challenger

Perhaps the most famous and most studied example of Groupthink occurred when NASA launched the space shuttle Challenger in January of 1986. NASA had already canceled the launch due to weather once, and they were insistent that it goes off without a hitch on its newly rescheduled date of January 28, 1986. The makers of a fuel system O-ring, Thiokol, warned NASA that, based on cold weather predicted, that part might fail and yield disastrous consequences.

NASA's internal processes and applied pressure kept those people from speaking up, and in an isolated meeting of Thiokol group members, they weighed the possibilities. The company might not be allowed to work with NASA again if they made too much noise. The part might not fail. And so, they agreed to not make any noise and to support NASA's decision to launch. That morning, the Challenger exploded killing all seven crew members.

This tragedy and the mistakes made by NASA and Thiokol may be an example consequence of Groupthink. High-stakes decision-making with a group of people can create a clear group identity. In this case, it was the internal pressure of members

feeling protective of a positive group image that led to Groupthink with disastrous consequences.

To avoid Groupthink, managers can take the following steps to help their employees. Managers can:

- monitor the group size.
- play an impartial role.
- encourage a group member to challenge the opposite view of the group's decision.
- discuss the negative consequences of the decision before talking about the positive aspects.

A manager's role can help when a group is working on something that has a high level of risk for the organization. A subcategory of Groupthink is Groupshift. **Groupshift** is a phenomenon in which a group of people influences one another about the perception of risk. Group members tend to exaggerate their initial positions when presenting their ideas to the rest of the group. Sometimes, the group jumps in and pushes that decision to a conservative shift, but more often, the group tends to move toward the riskier option.

Why does this happen? It's been argued that, as group members become more familiar with each other, they become more bold and daring. Another theory states that we admire individuals who aren't afraid of risk, and those individuals who present risky alternatives are often admired by other members. Regardless, managers do well to remember that groups often shift toward riskier tendencies and can do their best to mitigate those results.

# Team Contracts

Scientific research, as well as experience working with thousands of teams, show that teams that are able to articulate and agree on established ground rules, goals, and roles and develop a team contract around these standards are better equipped to face challenges that may arise within the team[25]. Having a team contract does not necessarily mean that the team will be successful, but it can serve as a road map when the team veers off course. The following questions can help to create a meaningful team contract:

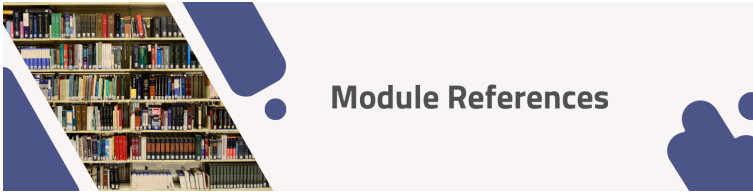


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*here:*

<https://pressbooks.openeducationalberta.ca/saitorgbehavior/?p=127#h5p-1>

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performance. *International Journal of Conflict Management*, 7, 361–376.



PART V  
CONFLICT AND  
NEGOTIATION



# Module Introduction



## Module 5 Conflict and Negotiation

In this module, you will begin to explore why conflict and negotiation in the workplace is pivotal for maintaining a harmonious and productive environment. Conflict, if not managed effectively, can lead to stress, diminished morale, and hindered productivity. However, when addressed constructively, it can also foster creativity, innovation, and improved decision-making by bringing diverse perspectives to light. Similarly, negotiation is an essential skill for reconciling differences, resolving disputes, and facilitating win-win outcomes, thereby contributing to cooperative relationships among employees. An in-depth understanding of both conflict and negotiation enables management and employees to navigate interpersonal and organizational challenges, optimize team performance, and contribute positively to the organization's culture and bottom line.

## Learning Objectives

1. Define conflict, conflict management, and negotiation
2. Explore conflict management styles
3. Assess the effects of conflict in the workplace
4. Examine conflict resolution strategies
5. Compare different methods of negotiation

# Understanding Conflict



## Understanding Conflict

Let's take a closer look at these social issues such as conflict to understand how they can derail companies and individuals alike—and what to do to prevent such consequences from happening to you. In this module, you'll see that managing conflict and engaging in effective negotiation are both key for effective organizational behaviour within organizations as well as in daily life. Conflicts range from minor annoyances to outright violence. According to the Canadian Labour Congress, 7 in 10 employees have experienced harassment or violence in the workplace [1]. One of the major ways to avoid conflicts escalating to these levels is through understanding the causes of conflict and developing methods for managing potential negative outcomes. Negotiation is one of the most effective ways to decrease conflict.

Conflict is a process that involves people disagreeing. Researchers have noted that conflict is like the common cold. Everyone knows what it is, but understanding its causes and how to treat it is much more challenging[2]. As we noted earlier,

conflict can range from minor disagreements to workplace violence. In addition, there are three types of conflict that can arise within organizations. Let's take a look at each of them in turn.

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## Types of Conflict

### Intrapersonal Conflict

Intrapersonal conflict arises within a person. For example, when you're uncertain about what is expected or wanted, or you have a sense of being inadequate to perform a task, you are experiencing intrapersonal conflict. Intrapersonal conflict can arise because of differences in roles. A manager may want to oversee a subordinate's work, believing that such oversight is a necessary part of the job. The subordinate, on the other hand, may consider such extensive oversight to be micromanagement or evidence of a lack of trust. Role conflict, another type of intrapersonal conflict, includes having two different job descriptions that seem mutually exclusive. This type of conflict can arise if you're the head of one team but also a member of another team. A third type of intrapersonal conflict involves role ambiguity. Perhaps you've been given the task of finding a trainer for a company's business writing training program. You may feel unsure about what kind of person to hire—a well-known but expensive trainer or a local, unknown but low-priced trainer. If you haven't been given guidelines about what's expected, you may be wrestling with several options.

# Interpersonal Conflict

Interpersonal conflict is among individuals such as coworkers, a manager and an employee, or CEOs and their staff. For example, in 2006 the CEO of Airbus S.A.S., Christian Streiff, resigned because of his conflict with the board of directors over issues such as how to restructure the company[3]. This example may reflect a well-known trend among CEOs. According to one estimate, 31.9% of CEOs resigned from their jobs because they had conflicts with the board of directors[4]



*Figure: Michael Dell*

CEOs of competing companies might also have public conflicts. In 1997, Michael Dell was asked what he would do about Apple Computer. "What would I do? I'd shut it down and give the money back to shareholders." Ten years later, Steve Jobs, the CEO of Apple Inc., indicated he had clearly held a grudge as he shot back at

Dell in an e-mail to his employees, stating, "Team, it turned out Michael Dell wasn't perfect in predicting the future. Based on today's stock market close, Apple is worth more than Dell">[5]. In part, their long-time disagreements stem from their differences.

Interpersonal conflict often arises because of competition, as the Dell/Apple example shows, or because of personality or values differences. For example, one person's style may be to "go with the gut" on decisions, while another person wants to make decisions based on facts. Those differences will lead to conflict if the individuals reach different conclusions. Many

companies suffer because of interpersonal conflicts. Keeping conflicts centered around ideas rather than individual differences is important in avoiding conflict escalation.

## Intergroup Conflict



*Figure: Boeing Factory production floor.*

Conflicts such as the Air Canada pilot strike can have ripple effects. For example, Air Canada's parent company threatened to cancel a \$6.1 billion contract with Boeing for new planes if they were unable to negotiate an agreement with the pilots who would fly them. Conflict

consequences such as these could affect those working at this Boeing Factory in Seattle, Washington.

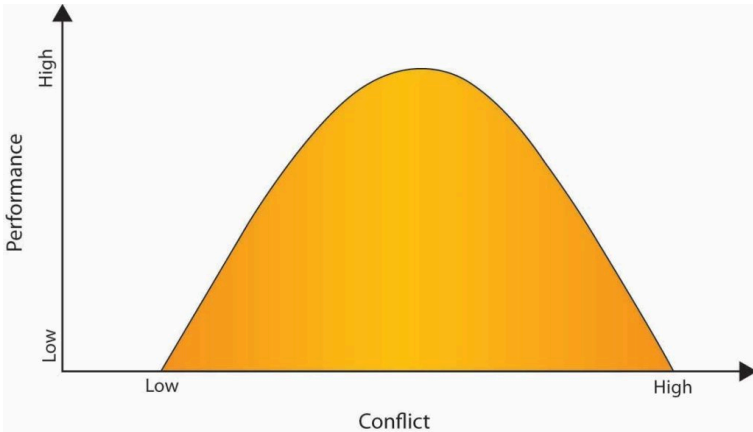
Intergroup conflict is conflict that takes place among different groups. Types of groups may include different departments or divisions in a company, employee unions, and management, or competing companies that supply the same customers. Departments may conflict over budget allocations; unions and management may disagree over work rules; suppliers may conflict with each other on the quality of parts. Merging two groups together can lead to friction between the groups—especially if there are scarce resources to be divided among the group. For example, in what has been called “the most difficult and hard-fought labor issue in an airline merger,” Canadian Air and Air Canada pilots were locked into years of personal and legal conflict when the two airlines’ seniority lists

were combined following the merger[6]. Seniority is a valuable and scarce resource for pilots because it helps to determine who flies the newest and biggest planes, who receives the best flight routes, and who is paid the most. In response to the loss of seniority, former Canadian Air pilots picketed at shareholder meetings, threatened to call in sick, and had ongoing conflicts with pilots from Air Canada. The conflicts with pilots continue to this day. The history of past conflicts among organizations and employees makes new deals challenging.

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## Is Conflict Always Bad?

Most people are uncomfortable with conflict, but is conflict always bad? Conflict can be dysfunctional if it paralyzes an organization, leads to less-than-optimal performance, or, in the worst case, leads to workplace violence. Surprisingly, a moderate amount of conflict can actually be a healthy (and necessary) part of organizational life[7]. To understand how to get to a positive level of conflict, we need to understand its root causes, consequences, and tools to help manage it. The impact of too much or too little conflict can disrupt performance. If conflict is too low, then performance is low. If conflict is too high, then performance also tends to be low. The goal is to hold conflict levels in the middle of this range. While it might seem strange to want a particular level of conflict, a medium level of task-related conflict is often viewed as optimal, because it represents a situation in which a healthy debate of ideas takes place.



*Figure: The Inverted U Relationship Between Performance and Conflict.*

Task conflict can be good in certain circumstances, such as in the early stages of decision-making, because it stimulates creativity. However, it can interfere with complex tasks in the long run[8]. Personal conflicts, such as personal attacks, are never healthy because they cause stress and distress, which undermines performance. The worst cases of personal conflicts can lead to workplace bullying. At Intel Corporation, all new employees go through a 4-hour training module to learn “constructive confrontation.” The content of the training program includes dealing with others in a positive manner, using facts rather than opinions to persuade others, and focusing on the problem at hand rather than the people involved. “We don’t spend time being defensive or taking things personally. We cut through all of that and get to the issues,” notes a trainer from Intel University[9]. The success of the training remains unclear, but the presence of this program indicates that Intel understands the potentially positive effect of a moderate level of conflict. Research focusing on effective

teams across time found that they were characterized by low but increasing levels of process conflict (how do we get things done?), low levels of relationship conflict with a rise toward the end of the project (personal disagreements among team members), and moderate levels of task conflict in the middle of the task timeline[10].

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***Consider the following:***

1. What are the types of conflicts that individuals may have at work? Which type have you experienced the most?
2. What are some primary causes of conflict at work?
3. Explain how miscommunication might be related to a conflict at work.

# Conflict Management



## Conflict Management

There are a number of different ways of managing organizational conflict, which are highlighted in this section. Conflict management refers to resolving disagreements effectively.

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## Ways to Manage Conflict

### Change the Structure

When structure is a cause of dysfunctional conflict, structural change can be the solution to resolving the conflict. Consider this situation. Vanessa, the lead engineer in charge of new product development, has submitted her components list to Tom, the procurement officer, for purchasing. Tom, as usual,

has rejected two of the key components, refusing the expenditure on the purchase. Vanessa is furious, saying, “Every time I give you a request to buy a new part, you fight me on it. Why can’t you ever trust my judgment and honor my request?”

Tom counters, “You’re always choosing the newest, leading-edge parts—they’re hard to find and expensive to purchase. I’m supposed to keep costs down, and your requests always break my budget.”

“But when you don’t order the parts we need for a new product, you delay the whole project,” Vanessa says.

Sharon, the business unit’s vice president, hits upon a structural solution by stating, “From now on, both of you will be evaluated on the total cost and the overall performance of the product. You need to work together to keep component costs low while minimizing quality issues later on.” If the conflict is at an intergroup level, such as between two departments, a structural solution could be to have those two departments report to the same executive, who could align their previously incompatible goals.

## **Change the Composition of the Team**

If the conflict is between team members, the easiest solution may be to change the composition of the team, separating the personalities that were at odds. In instances in which conflict is attributed to the widely different styles, values, and preferences of a small number of members, replacing some of these members may resolve the problem. If that’s not possible because everyone’s skills are needed on the team and substitutes aren’t available, consider a physical layout solution. Research has shown that when known antagonists are seated directly across from each other, the amount of conflict increases. However, when they are seated side by side, the conflict tends to decrease[1].

## **Create a Common Opposing Force**

Group conflict within an organization can be mitigated by

focusing attention on a common enemy such as the competition. For example, two software groups may be vying against each other for marketing dollars, each wanting to maximize advertising money devoted to their product. But, by focusing attention on a competitor company, the groups may decide to work together to enhance the marketing effectiveness of the company as a whole. The “enemy” need not be another company—it could be a concept, such as a recession, that unites previously warring departments to save jobs during a downturn.

## **Consider Majority Rules**

Sometimes a group conflict can be resolved through majority rule. That is, group members take a vote, and the idea with the most votes is the one that gets implemented. The majority rule approach can work if the participants feel that the procedure is fair. It is important to keep in mind that this strategy will become ineffective if used repeatedly with the same members typically winning. Moreover, the approach should be used sparingly. It should follow a healthy discussion of the issues and points of contention, not be a substitute for that discussion.

## **Problem Solve**

Problem-solving is a common approach to resolving conflict. In problem-solving mode, the individuals or groups in conflict are asked to focus on the problem, not on each other, and to uncover the root cause of the problem. This approach recognizes the rarity of one side being completely right and the other being completely wrong.

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# **Conflict-Handling Styles**

Individuals vary in the way that they handle conflicts. There

are five common styles of handling conflicts. These styles can be mapped onto a grid that shows the varying degree of cooperation and assertiveness each style entails. Let us look at each in turn.

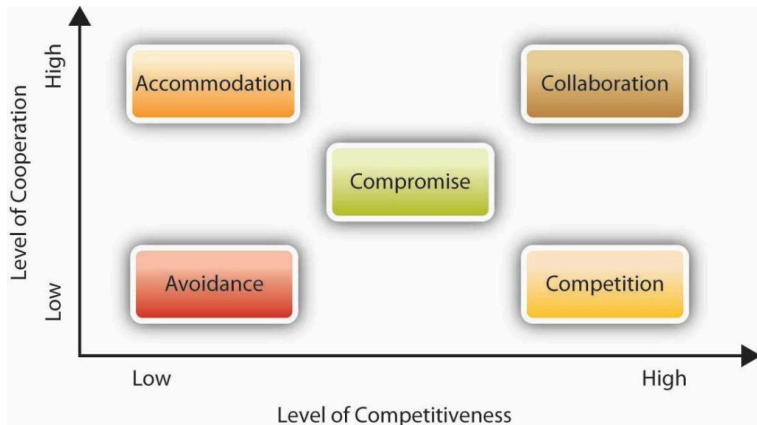


Figure: Conflict Handling Styles

Let's explore each conflict-handling style:

## Avoidance

The avoiding style is uncooperative and unassertive. People exhibiting this style seek to avoid conflict altogether by denying that it is there. They are prone to postponing any decisions in which a conflict may arise. People using this style may say things such as, "I don't really care if we work this out," or "I don't think there's any problem. I feel fine about how things are." Conflict avoidance may be habitual to some people

because of personality traits such as the need for affiliation. While conflict avoidance may not be a significant problem if the issue at hand is trivial, it becomes a problem when individuals avoid confronting important issues because of a dislike for conflict or a perceived inability to handle the other party's reactions.

## **Accommodation**

The accommodating style is cooperative and unassertive. In this style, the person gives in to what the other side wants, even if it means giving up one's personal goals. People who use this style may fear speaking up for themselves or they may place a higher value on the relationship, believing that disagreeing with an idea might be hurtful to the other person. They will say things such as, "Let's do it your way" or "If it's important to you, I can go along with it." Accommodation may be an effective strategy if the issue at hand is more important to others compared to oneself. However, if a person perpetually uses this style, that individual may start to see that personal interests and well-being are neglected.

## **Compromise**

The compromising style is a middle-ground style, in which individuals have some desire to express their own concerns and get their way but still respect the other person's goals. The compromiser may say things such as, "Perhaps I ought to reconsider my initial position" or "Maybe we can both agree to give in a little." In a compromise, each person sacrifices something valuable to them. For example, in 2005 the luxurious Lanesborough Hotel in London advertised incorrect

nightly rates for £35, as opposed to £350. When the hotel received a large number of online bookings at this rate, the initial reaction was to insist that customers cancel their reservations and book at the correct rate. The situation was about to lead to a public relations crisis. As a result, they agreed to book the rooms at the advertised price for a maximum of three nights, thereby limiting the damage to the hotel's bottom line as well as its reputation[12].

## **Competition**

People exhibiting a competing style want to reach their goal or get their solution adopted regardless of what others say or how they feel. They are more interested in getting the outcome they want as opposed to keeping the other party happy, and they push for the deal they are interested in making. Competition may lead to poor relationships with others if one is always seeking to maximize their own outcomes at the expense of others' well-being. This approach may be effective if one has strong moral objections to the alternatives or if the alternatives one is opposing are unethical or harmful.

## **Collaboration**

The collaborating style is high on both assertiveness and cooperation. This is a strategy to use for achieving the best outcome from conflict—both sides argue for their position, supporting it with facts and rationale while listening attentively to the other side. The objective is to find a win-win solution to the problem in which both parties get what they want. They'll challenge points but not each other. They'll emphasize problem-solving and integration of each other's goals. For

example, an employee who wants to complete an MBA program may have a conflict with management when he wants to reduce his work hours. Instead of taking opposing positions in which the employee defends his need to pursue his career goals while the manager emphasizes the company's need for the employee, both parties may review alternatives to find an integrative solution. In the end, the employee may decide to pursue the degree while taking online classes, and the company may realize that paying for the employee's tuition is a worthwhile investment. This may be a win-win solution to the problem in which no one gives up what is personally important, and every party gains something from the exchange.

## **Which Style is the Best?**

Like much of organizational behaviour, there is no one “right way” to deal with conflict. Much of the time it will depend on the situation. However, the collaborative style has the potential to be highly effective in many different situations.

We do know that most individuals have a dominant style that they tend to use most frequently. Think of your friend who is always looking for a fight or your coworker who always backs down from a disagreement. Successful individuals are able to match their style to the situation. There are times when avoiding a conflict can be a great choice. For example, if a driver cuts you off in traffic, ignoring it and going on with your day is a good alternative to “road rage.” However, if a colleague keeps claiming ownership of your ideas, it may be time for a confrontation. Allowing such intellectual plagiarism to continue could easily be more destructive to your career than confronting the individual. Research also shows that when it comes to dealing with conflict, managers prefer forcing, while their subordinates are more likely to engage in avoiding, accommodating, or compromising[13]. It is also likely that individuals will respond similarly to the person engaging

in conflict. For example, if one person is forcing, others are likely to respond with a forcing tactic as well.

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## What if You Don't Have Enough Conflict Over Ideas?

Part of effective conflict management is knowing when proper stimulation is necessary. Many people think that conflict is inherently bad—that it undermines goals or shows that a group or meeting is not running smoothly. In fact, if there is no conflict, it may mean that people are silencing themselves and withholding their opinions. The reality is that within meaningful group discussions, there are usually varying opinions about the best course of action. If people are suppressing their opinions, the final result may not be the best solution. During healthy debates, people point out difficulties or weaknesses in a proposed alternative and can work together to solve them. The key to keeping the disagreement healthy is to keep the discussion focused on the task, not the personalities. For example, a comment such as “Jack’s ideas have never worked before. I doubt his current idea will be any better” is not constructive. Instead, a comment such as “This production step uses a degreaser that’s considered a hazardous material. Can we think of an alternative degreaser that’s nontoxic?” is more productive. It challenges the group to improve upon the existing idea.

## How Can You Stimulate Conflict?

- *Encourage people to raise issues and disagree* with you or the status quo without fear of reprisal. An issue festering beneath the surface, when brought out into the open, may turn out to be a minor issue that can be easily addressed and resolved.
- *Assign a devil's advocate to stimulate alternative viewpoints.* If a business unit is getting stagnant, bring in new people to "shake things up."
- *Create a competition among teams*, offering a bonus to the team that comes up with the best solution to a problem. For example, have two product development teams compete on designing a new product. Or, reward the team that has the fewest customer complaints or achieves the highest customer satisfaction rating.
- *Build some ambiguity into the process.* When individuals are free to come up with their own ideas about how to complete a task, the outcome may be surprising, and it allows for more healthy disagreements along the way.

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### **Consider the following:**

1. List three ways to decrease a conflict situation. What are some pros and cons of each of these approaches?
2. Do you deal with conflict differently with friends and family than you do at work? If so, why do you think that is?
3. What is your usual conflict-handling style at work? Do you see it as effective or ineffective?
4. Describe a situation in which not having enough conflict can be a problem.

# Classroom Activity: Conflict Resolution Scenarios



## Conflict Resolution Scenarios

**Purpose:** There is a misconception that conflict is always negative. There are positive forms of conflict and can lead to better overall results. While there can be positive forms of conflict, there will be experiences in our professional lives where we will need to have courageous conversations to address situations before they become problematic. The purpose of this activity is to identify the most appropriate conflict handling style in each given scenario.

**Time frame:** 30 minutes (20 minutes in small groups, 10 minutes classroom discussion)

**Instructions:** In groups of 2 – 3 identify the most appropriate

conflict management style based on the scenario and identify how your group would handle the situation.

**Scenario #1:** You and a colleague are working together on a project but disagree about key elements of the project. You both have equal amounts of tenure (seniority) within the organization, have similar levels of experience within the field and have raised equally valid points. This is an important project for both of you and has the potential to result in other opportunities for advancement within the organization.

Which conflict resolution style would be best in this case? How would you resolve this issue?

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**Scenario #2:** You are frustrated with a member of your team. The person has been regularly showing up late to team meetings and is not prepared when they do come. This has been an ongoing issue over the past couple of months however, you were hoping that the person would see that this type of behaviour was not acceptable in a professional environment without you having to approach them. You have also noticed how other members of your team are starting to quietly make comments about the person and some of your other team members are now starting to behave differently towards you.

What conflict resolution style have you been using in this scenario? What approach would be more effective? What conversation would you have with the team member? With the entire team? Why would you use this approach?

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**Scenario #3:** You are struggling with a co-worker who is unable to meet the deadlines for projects. While your co-worker delivers quality work when it is submitted, their delays mean that you have less time to complete your portion of the project and still meet client deadlines. You are unable to begin work on your portion of the project until your co-worker and you know that you need to address this situation but are unclear about how to proceed.

What would the best approach in this situation? Why? What steps would you use to resolve this issue?

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**Scenario #4:** You are the safety supervisor for your organization. It is your job to ensure that all employees are using proper personal protective equipment (PPE) and using machinery correctly. You notice that an employee is not using a piece of machinery properly and that this could result in them severely injuring themselves or their co-workers.

What would the best approach be in this situation? Why? What further steps would you take in this case to prevent future incidents from occurring?

# Causes and Outcomes of Conflict



## Causes and Outcomes of Conflict

There are many potential root causes of conflict at work. We'll go over six of them here. Remember, anything that leads to a disagreement can be a cause of conflict. Although conflict is common in organizations, some organizations have more than others.

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## Causes of Conflict



*Figure: Potential Causes of Conflict.*

## Organizational Structure

Conflict tends to take different forms, depending on the organizational structure[14]. For example, the global company ABB Inc. is organized around a matrix structure based on the dimensions of country and industry. This structure can lead to confusion as the company is divided geographically into 1,200 different units and by industry into 50 different units[15].

### Limited Resources

Resources such as money, time, and equipment are often scarce. Competition among people or departments for limited resources is a frequent cause of conflict. When a group of employees have access to resources such as cutting-edge technology while others do not, conflict may arise among employees or between employees and management. While technical employees may feel that this technology is crucial to their productivity, other employees may make the point that access to cutting-edge technology is important for them to make a good impression on clients. Because important resources are often limited, this is one source of conflict many companies have to live with.

## **Task-Interdependence**

Another cause of conflict is task interdependence; that is, when the accomplishment of your goal requires reliance on others to perform their tasks. For example, if you're tasked with creating advertising for your product, you're dependent on the creative team to design the words and layout, the photographer or videographer to create the visuals, the media buyer to purchase the advertising space, and so on. The completion of your goal (airing or publishing your ad) is dependent on others.

## **Incompatible Goals**

Sometimes conflict arises when two parties think that their goals are mutually exclusive. Within an organization, incompatible goals often arise because of the different ways department managers are compensated. For example, a sales manager's bonus may be tied to how many sales are made for the company. As a result, the individual might be tempted to offer customers "freebies" such as expedited delivery in order to make the sale. In contrast, a transportation manager's compensation may be based on how much money the company saves on transit. In this case, the goal might be to eliminate expedited delivery because it adds expense. The two will butt heads until the company resolves the conflict by changing the compensation scheme.

## **Personality Differences**

Personality differences among coworkers are common. By understanding some fundamental differences in the way people think and act, we can better understand how others see the world. Knowing that these differences are natural and normal lets us anticipate and mitigate interpersonal conflict—it's often not about "you" but simply a different way of seeing and behaving. For example, Type A individuals have been found to have more conflicts with their coworkers than Type B individuals[16].

## **Communication Problems**

Sometimes conflict arises simply out of a small, unintentional communication problem, such as lost e-mails or dealing with people who don't return phone calls. Giving feedback is also a case in which the best intentions can quickly escalate into a conflict situation. When communicating, be sure to focus on behaviour and its effects, not on the person. For example, say that Jeff always arrives late to all your meetings. You think he has a bad attitude, but you don't really know what Jeff's attitude is. You do know, however, the effect that Jeff's behaviour has on you. You could say, "Jeff, when you come late to the meeting, I feel like my time is wasted." Jeff can't argue with that statement, because it is a fact of the impact of his behaviour on you. It's indisputable because it is your reality. What Jeff can say is that he did not intend such an effect, and then you can have a discussion regarding the behaviour.

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## Outcomes of Conflict

One of the most common outcomes of conflict is that it upsets parties in the short run[17]. However, conflict can have both positive and negative outcomes. On the positive side, conflict can result in greater creativity or better decisions.

Positive outcomes include the following:

- Consideration of a broader range of ideas, resulting in a better, stronger idea
- Surfacing of assumptions that may be inaccurate
- Increased participation and creativity
- Clarification of individual views that build learning

Conflict can be dysfunctional if it is excessive or involves personal attacks or underhanded tactics.

Examples of negative outcomes include the following:

- Increased stress and anxiety among individuals, which decreases productivity and satisfaction
  - Feelings of being defeated and demeaned, which lowers individuals' morale and may increase turnover
  - A climate of mistrust, which hinders the teamwork and cooperation necessary to get work done
- 

## Is Your Job at Risk for Workplace Violence?

**You may be at increased risk for workplace violence if your job involves the following:**

### ***Dealing With People***

- Caring for others either emotionally or physically, such as at a nursing home.
- Interacting with frustrated customers, such as with retail sales.
- Supervising others, such as being a manager.
- Denying requests others make of you, such as with customer service.

### ***Being in High-Risk Situations***

- Dealing with valuables or exchanging money, such as in banking.
- Handling weapons, such as in law enforcement.
- Working with drugs, alcohol, or those under the influence of them, such as bartenders.
- Working nights or weekends, such as gas station attendants.

*Sources: Adapted from information in LeBlanc, M. M., & Kelloway, E. K. (2002). Predictors and outcomes of workplace violence and aggression. Journal of Applied Psychology, 87, 444–453; National Institute for Occupational Safety and Health. (1997). Violence in the workplace. Retrieved November 12, 2008, from <http://www.cdc.gov/niosh/violofs.html>; National Institute for Occupational Safety and Health. (2006). Workplace prevention strategies and research needs.*

Retrieved November 12, 2008, from <http://www.cdc.gov/niosh/docs/2006-144/>.

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### ***Consider the following:***

1. What are some primary causes of conflict at work?
2. What are the positive and negative outcomes of workplace conflict? Which types of job are the most at risk for workplace violence? What examples can you provide?
3. What outcomes have you observed from conflict?  
(this link opens in a new window/tab)

# Negotiation



## Negotiation

A common way that parties deal with conflict is via negotiation. Negotiation is a process whereby two or more parties work toward an agreement. There are five phases of negotiation, which are described below.

Investigation



Determine your BATNA



Presentation



Bargaining



Closure

## Phase 1: Investigation

The first step in negotiation is the investigation, or information gathering stage. This is a key stage that is often ignored. Surprisingly, the first place to begin is with yourself: What are your goals for the negotiation? What do you want to achieve? What would you concede? What would you absolutely not concede? Leigh Steinberg, the most powerful agent in sports (he was the role model for Tom Cruise's character in *Jerry Maguire*), puts it this way: "You need the clearest possible view of your goals. And you need to be brutally honest with yourself about your priorities."<sup>[18]</sup>

During the negotiation, you'll inevitably be faced with making choices. It's best to know what you want, so that in the heat of the moment you're able to make the best decision. For example, if you'll be negotiating for a new job, ask yourself, "What do I value most? Is it the salary level? Working with coworkers whom I like? Working at a prestigious company? Working in a certain geographic area? Do I want a company that will groom me for future positions or do I want to change jobs often in pursuit of new challenges?"

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## Phase 2: Determine Your

# BATNA

One important part of the investigation and planning phase is to determine your BATNA, which is an acronym that stands for the “best alternative to a negotiated agreement.” Roger Fisher and William Ury coined this phrase in their book *Getting to Yes: Negotiating without Giving In*.

Thinking through your BATNA is important to helping you decide whether to accept an offer you receive during the negotiation. You need to know what your alternatives are. If you have various alternatives, you can look at the proposed deal more critically. Could you get a better outcome than the proposed deal? Your BATNA will help you reject an unfavorable deal. On the other hand, if the deal is better than another outcome you could get (that is, better than your BATNA), then you should accept it.

Think about it in common sense terms: When you know your opponent is desperate for a deal, you can demand much more. If it looks like they have a lot of other options outside the negotiation, you'll be more likely to make concessions.

As Fisher and Ury said, “The reason you negotiate is to produce something better than the results you can obtain without negotiating. What are those results? What is that alternative? What is your BATNA—your Best Alternative To a Negotiated Agreement? That is the standard against which any proposed agreement should be measured”[19].

The party with the best BATNA has the best negotiating position, so try to improve your BATNA whenever possible by exploring possible alternatives[20].

Going back to the example of your new job negotiation, consider your options to the offer you receive. If your pay is lower than what you want, what alternatives do you have? A job with another company? Looking for another job? Going back to school? While you're thinking about your BATNA, take some

time to think about the other party's BATNA. Do they have an employee who could readily replace you?

Once you've gotten a clear understanding of your own goals, investigate the person you'll be negotiating with. What does that person (or company) want? Put yourself in the other party's shoes. What alternatives could they have? For example, in the job negotiations, the other side wants a good employee at a fair price. That may lead you to do research on salary levels: What is the pay rate for the position you're seeking? What is the culture of the company?

### **BATNA Best Practices**

1. Brainstorm a list of alternatives that you might conceivably take if the negotiation doesn't lead to a favorable outcome for you.
2. Improve on some of the more promising ideas and convert them into actionable alternatives.
3. Identify the most beneficial alternative to be kept in reserve as a fall-back during the negotiation.
4. Remember that your BATNA may evolve over time, so keep revising it to make sure it is still accurate.
5. Don't reveal your BATNA to the other party. If your BATNA turns out to be worse than what the other party expected, their offer may go down, as PointCast learned in the opening case.

*Sources: Adapted from information in Spangler, B. (2003, June). Best Alternative to a Negotiated Agreement (BATNA). Retrieved November 12, 2008, from <http://www.beyondintractability.org/essay/batna/>; Conflict Research Consortium, University of Colorado. (1998). Limits to agreement: Better alternatives. Retrieved November 12, 2008, from <http://www.colorado.edu/conflict/peace/problem/batna.htm>; Venter, D. (2003). What is a BATNA? Retrieved January 14, 2008, from <http://www.negotiationeurope.com/articles/batna.html>*

## Phase 3: Presentation

All phases of the negotiation process are important. The presentation is the one that normally receives the most attention, but the work done before that point is equally important.

The third phase of negotiation is presentation. In this phase, you assemble the information you've gathered in a way that supports your position. In a job hiring or salary negotiation situation, for instance, you can present facts that show what you've contributed to the organization in the past (or in a previous position), which in turn demonstrates your value. Perhaps you created a blog that brought attention to your company or got donations or funding for a charity. Perhaps you're a team player who brings out the best in a group.

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## Phase 4: Bargaining

During the bargaining phase, each party discusses their goals and seeks to get an agreement. A natural part of this process is making concessions, namely, giving up one thing to get something else in return. Making a concession is not a sign of weakness—parties expect to give up some of their goals. Rather, concessions demonstrate cooperativeness and help move the negotiation toward its conclusion. Making a concession shows forward movement and process, and it allays concerns about rigidity or closed-mindedness. What would a typical concession be? Concessions are often in the areas of money, time, resources, responsibilities, or autonomy.

One key to the bargaining phase is to ask questions. Don't simply take a statement such as “we can't do that” at face

value. Rather, try to find out why the party has that constraint. Let's take a look at an example. Say that you're a retailer and you want to buy patio furniture from a manufacturer. You want to have the sets in time for spring sales. During the negotiations, your goal is to get the lowest price with the earliest delivery date. The manufacturer, of course, wants to get the highest price with the longest lead time before delivery. As negotiations stall, you evaluate your options to decide what's more important: a slightly lower price or a slightly longer delivery date? You do a quick calculation. The manufacturer has offered to deliver the products by April 30, but you know that some of your customers make their patio furniture selection early in the spring, and missing those early sales could cost you \$1 million. So, you suggest that you can accept the April 30 delivery date if the manufacturer will agree to drop the price by \$1 million.

"I appreciate the offer," the manufacturer replies, "but I can't accommodate such a large price cut." Instead of leaving it at that, you ask, "I'm surprised that a 2-month delivery would be so costly to you. Tell me more about your manufacturing process so that I can understand why you can't manufacture the products in that time frame."

"Manufacturing the products in that time frame is not the problem," the manufacturer replies, "but getting them shipped from Asia is what's expensive for us."

When you hear that, a light bulb goes off. You know that your firm has favorable contracts with shipping companies because of the high volume of business the firm gives them. You make the following counteroffer: "Why don't we agree that my company will arrange and pay for the shipper, and you agree to have the products ready to ship on March 30 for \$10.5 million instead of \$11 million?" The manufacturer accepts the offer—the biggest expense and constraint (the shipping) has been lifted. You, in turn, have saved money as well[21].

## Phase 5: Closure

Closure is an important part of negotiations. At the close of a negotiation, you and the other party have either come to an agreement on the terms, or one party has decided that the final offer is unacceptable and therefore must be walked away from. Most negotiators assume that if their best offer has been rejected, there's nothing left to do. You made your best offer and that's the best you can do. The savviest of negotiators, however, see the rejection as an opportunity to learn. "What would it have taken for us to reach an agreement?"

For example, a CEO had been in negotiations with a customer. After learning the customer decided to go with the competition, the CEO decided to inquire as to why negotiations had fallen through. With nothing left to lose, the CEO placed a call to the prospect's vice president and asked why the offer had been rejected, explaining that the answer would help improve future offerings. Surprisingly, the VP explained the deal was given to the competitor because, despite charging more, the competitor offered after-sales service on the product. The CEO was taken by surprise, originally assuming that the VP was most interested in obtaining the lowest price possible. In order to accommodate a very low price, various extras such as after-sales service had been cut from the offer. Having learned that the VP was seeking service, not the lowest cost, the CEO said, "Knowing what I know now, I'm confident that I could have beaten the competitor's bid. Would you accept a revised offer?" The VP agreed, and a week later the CEO had a signed contract[22].

Sometimes at the end of negotiations, it's clear why a deal was not reached. But if you're confused about why a deal did not happen, consider making a follow-up call. Even though you may not win the deal back in the end, you might learn something that's useful for future negotiations. What's more,

the other party may be more willing to disclose the information if they don't think you're in a "selling" mode.

### **Should You Negotiate for a Higher Salary?**

Yes! According to a survey conducted by CareerBuilder.com, 58% of hiring managers offer a higher salary. "Salary negotiation has become a growing opportunity in the job acquisition process. Those who fail to make a counteroffer could forfeit significant income."

*Source: Adapted from information in Reed-Woodard, M. (2007, April). Taking money off the table. Black Enterprise, 37(9), 60–61.*

# Negotiation Strategies



## Negotiation Strategies

### Distributive Approach

The distributive view of negotiation is the traditional fixed-pie approach. That is, negotiators see the situation as a pie that they have to divide between them. Each tries to get more of the pie and “win.” For example, managers may compete over shares of a budget. If marketing gets a 10% increase in its budget, another department such as R&D will need to decrease its budget by 10% to offset the marketing increase. Focusing on a fixed pie is a common mistake in negotiation, because this view limits the creative solutions possible.

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# Integrative Approach

A newer, more creative approach to negotiation is called the integrative approach. In this approach, both parties look for ways to integrate their goals under a larger umbrella. That is, they look for ways to expand the pie, so that each party gets more. This is also called a win–win approach. The first step of the integrative approach is to enter the negotiation from a cooperative rather than an adversarial stance. The second step is all about listening. Listening develops trust as each party learns what the other wants and everyone involved arrives at a mutual understanding. Then, all parties can explore ways to achieve the individual goals. The general idea is, “If we put our heads together, we can find a solution that addresses everybody’s needs.” Unfortunately, integrative outcomes are not the norm. A summary of 32 experiments on negotiations found that although they could have resulted in integrated outcomes, only 20% did so[23]. One key factor related to finding integrated solutions is the experience of the negotiators who were able to reach them[24].

## Seven Steps to Negotiating a Higher Salary

### ***Step 1: Overcome your fear.***

The first step is to overcome your fears. Many people don't even begin a salary negotiation. We may be afraid of angering the boss or think that because we are doing a good job, we'll automatically be rewarded. But, just because you're doing a good job doesn't mean you'll automatically get a raise. Why? If you don't ask for one, the boss may believe you're satisfied with what you're getting. So why should he pay you more? Imagine going into a car dealership and being absolutely delighted with a car choice. The sticker price is \$19,000. Would you pay the dealer \$23,000 just because you really like the car? Of course not. You probably wouldn't even offer \$19,000. If the car was up for auction, however, and another bidder offered \$20,000, you'd likely increase your offer, too.

That's what salary negotiation is like. Your boss may be thrilled with you but at the same time is running a business. There's no reason to pay an employee more if you seem satisfied with your current salary.

### ***Step 2: Get the facts.***

Before you enter into the negotiation, do some background research. What are other companies paying people in your position? Check sites such as Payscale.com, salary.com, and salaryexpert.com to get a feel for the market. Look at surveys conducted by your professional organization.

### ***Step 3: Build your case.***

How important are you to the organization? How have you contributed? Perhaps you contributed by increasing sales, winning over angry customers, getting feuding team members to cooperate, and so on. Make a list of your contributions. Be sure to focus on the contributions that your boss values most. Is it getting recognition for the department? Easing workload? If another employer has shown interest in you, mention that as a fact. However, don't use this as a threat unless you're prepared to take the other offer. Mentioning interest from another employer gets the boss to think, "If I don't give this raise, I may lose the employee." (By the way, if you don't feel you have a strong case for your raise, perhaps this isn't the time to ask for one.)

### ***Step 4: Know what you want.***

Set your target salary goal based on your research and the norms of what your organization will pay. Now ask yourself, if you don't get this figure, would you quit? If not, are there other alternatives besides a salary increase that you'd consider? For example, would you accept a higher title? More vacation time? Paid training to learn a new skill? Flexible hours?

### ***Step 5: Begin assertively.***

Start the discussion on a strong but friendly tone. "I think I'm worth more than I'm being paid." List the ways you've contributed to the company.

### ***Step 6: Don't make the first offer.***

Let your boss name the figure. You can do this by asking, "How much of a raise could you approve?" However, if the boss insists

## Seven Steps to Negotiating a Higher Salary

that you name a figure, ask for the most that you can reasonably expect to get. You want to be reasonable, but you need to allow room to make a concession. Your boss will assume your opening number was high and will offer you less, so asking for the actual figure you want may leave you feeling disappointed.

If the boss opens with, “The salary range for this position is \$66,000 to 78,000,” ask for the high end. If your goal was higher than that range, challenge the range by explaining how you are an exception and why you deserve more.

***Step 7: Listen more than talk.***

You'll learn more by listening rather than talking. The more you listen, the better the boss will feel about you—people tend to like and trust people who listen to them.

If you can't get a raise now, get your boss to agree to one in a few months if you meet agreed-upon objectives.

Sources: Adapted from information in Brodow, E. (2006). *Negotiation boot camp*. New York: Currency/Doubleday; Nemko, M. (2007, December 31). *The general way to get a raise*. *U.S. News & World Report*, 57.



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# Avoiding Common Mistakes in Negotiations



## Avoiding Common Mistakes in Negotiation

### Failing to Negotiate/ Accepting the First Offer

You may have heard that women typically make less money than men. Researchers have established that about one-third of the gender differences observed in the salaries of men and women can be traced back to differences in starting salaries, with women making less, on average, when they start their jobs[25]. For example, one study looked at students from Carnegie-Mellon who were getting their first job after earning a master's degree. The study found that only 7% of the women

negotiated their offer, while men negotiated 57% of the time[26]. The result had profound consequences. Researchers calculate that people who routinely negotiate salary increases will earn over \$1 million more by retirement than people who accept an initial offer every time without asking for more[27]. The good news is that it appears that it is possible to increase negotiation efforts and confidence by training people to use effective negotiation skills[28].

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## Letting Ego Get in the Way

Thinking only about yourself is a common mistake. People tend to fall into a self-serving bias in which they overinflate their own worth and discount the worth of others. This can be a disadvantage during negotiations. Instead, think about why the other person would want to accept the deal. People aren't likely to accept a deal that doesn't offer any benefit to them. Help them meet their own goals while you achieve yours. Integrative outcomes depend on having good listening skills, and if you are thinking only about your own needs, you may miss out on important opportunities. Remember that a good business relationship can only be created and maintained if both parties get a fair deal.

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## Having Unrealistic Expectations

Susan Podziba, a professor of mediation at Harvard and MIT, plays broker for some of the toughest negotiations around,

from public policy to marital disputes. She takes an integrative approach in the negotiations, identifying goals that are large enough to encompass both sides. As she puts it, “We are never going to be able to sit at a table with the goal of creating peace and harmony between fishermen and conservationists. But we can establish goals big enough to include the key interests of each party and resolve the specific impasse we are currently facing. Setting reasonable goals at the outset that address each party’s concerns will decrease the tension in the room, and will improve the chances of reaching an agreement”[29]. Those who set unreasonable expectations are more likely to fail.

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## Getting Overly Emotional

Negotiations, by their very nature, are emotional. The findings regarding the outcomes of expressing anger during negotiations are mixed. Some researchers have found that those who express anger negotiate worse deals than those who do not[30], and that during online negotiations, those parties who encountered anger were more likely to compete than those who did not[31]. In a study of online negotiations, words such as despise, disgusted, furious, and hate were related to a reduced chance of reaching an agreement[32]. However, this finding may depend on individual personalities. Research has also shown that those with more power may be more effective when displaying anger. The weaker party may perceive the anger as potentially signaling that the deal is falling apart and may concede items to help move things along[33]. This holds for online negotiations as well. In a study of 355 eBay disputes in which mediation was requested by one or both of the parties, similar results were found.

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# Letting Past Negative Outcomes Affect the Present Ones

Research shows that negotiators who had previously experienced ineffective negotiations were more likely to have failed negotiations in the future. Those who were unable to negotiate some type of deal in previous negotiation situations tended to have lower outcomes than those who had successfully negotiated deals in the past[34]. The key to remember is that there is a tendency to let the past repeat itself. Being aware of this tendency allows you to overcome it. Be vigilant to examine the issues at hand and not to be overly swayed by past experiences, especially while you are starting out as a negotiator and have limited experiences.

## Tips for Negotiation Success

- **Focus on agreement first.** If you reach an impasse during negotiations, sometimes the best recourse is to agree that you disagree on those topics and then focus only on the ones that you can reach an agreement on. Summarize what you've agreed on, so that everyone feels like they're agreeing, and leave out the points you don't agree on. Then take up those issues again in a different context, such as over dinner or coffee. Dealing with those issues separately may help the negotiation process.
- **Be patient.** If you don't have a deadline by which an agreement needs to be reached, use that flexibility to your advantage. The other party may be forced by circumstances to agree to your terms, so if you can be patient you may be able to get the best deal.
- **Whose reality?** During negotiations, each side is presenting their case—their version of reality. Whose version of reality will prevail? Leigh Steinberg offers this example from the NFL, when he was negotiating the salary of Warren Moon. Moon was 41 years old. That was a fact. Did that mean he was hanging on by a thread and lucky to be employed in the first place? “Should he be grateful for any money that the team pays him?” Steinberg posed, “Or is he a quarterback who was among the league leaders in completions and attempts last year? Is he a team leader who took a previously moribund group of players, united them, and helped them have the best record that they've had in recent years?” All those facts are true, and negotiation brings the relevant facts to the forefront and argues their merit.
- **Deadlines.** Research shows that negotiators are more likely to strike a deal by making more concessions and thinking more creatively as deadlines loom than at any other time in the negotiation process.
- **Be comfortable with silence.** After you have made an offer, allow the other party to respond. Many people become uncomfortable with silence and feel they need to say something. Wait and listen instead.

Sources: Adapted from information in Stuhlmacher, A. F., Gillespie, T. L., & Champagne, M. V. (1998). *The impact of time pressure in negotiation: A meta-analysis*. *International Journal of Conflict Management*, 9, 97–116; Webber, A. (1998, October). *How to get them to show you the money*. *Fast Company*. Retrieved November 13, 2008 from <http://www.fastcompany.com/magazine/19/showmoney.html>.

# When All Else Fails: Third-party Negotiations



## When All Else Fails: Third-Party Negotiation

Alternative Dispute Resolution (ADR) includes mediation, arbitration, and other ways of resolving conflicts with the help of a specially trained, neutral third party without the need for a formal trial or hearing[35]. Many companies find this effective in dealing with challenging problems. For example, Eastman Kodak Company added an alternative dispute resolution panel of internal employees to help them handle cases of perceived discrimination and hopefully stop a conflict from escalating[36].

# Mediation

In mediation, an outside third party (the mediator) enters the situation with the goal of assisting the parties in reaching an agreement. The mediator can facilitate, suggest, and recommend. The mediator works with both parties to reach a solution but does not represent either side. Rather, the mediator's role is to help the parties share feelings, air and verify facts, exchange perceptions, and work toward agreements. One of the advantages of mediation is that the mediator helps the parties design their own solutions, including resolving issues that are important to both parties, not just the ones under specific dispute. Interestingly, sometimes mediation solves a conflict even if no resolution is reached[37].

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# Arbitration

In contrast to mediation, in which parties work with the mediator to arrive at a solution, in arbitration the parties submit the dispute to the third-party arbitrator. It is the arbitrator who makes the final decision. The arbitrator is a neutral third party, but the decision made by the arbitrator is final (the decision is called the "award"). Awards are made in writing and are binding to the parties involved in the case [38]. Arbitration is often used in union-management grievance conflicts.

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# Arbitration-Mediation

It is common to see mediation followed by arbitration. An alternative technique is to follow the arbitration with mediation. The format of this conflict resolution approach is to have both sides formally make their cases before an arbitrator. The arbitrator then makes a decision and places it in a sealed envelope. Following this, the two parties work through mediation. If they are unable to reach an agreement on their own, the arbitration decisions become binding. Researchers using this technique found that it led to voluntary agreements between the two parties 71% of the time versus 50% for mediation followed by arbitration[39].

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## ***Consider the following:***

1. What are the negotiation phases and what goes on during each of them?
2. When negotiating, is establishing a BATNA important? Why or why not?
3. What are the third-party conflict resolution options available?

# The Role of Ethics and National Culture in Negotiation



## Ethics and Negotiation

Are hardball tactics OK to use? Sometimes a course of action is legal but is questionable in terms of ethics. A good rule of thumb is that hardball tactics should not be used because the negotiation is likely not to be the last time you will interact with the other party. Therefore, finding a way to make a deal that works for both sides is preferable. Otherwise, if you have the complete upper hand and use it to “destroy” the other party, it’s likely that at a future date the other party will have the upper hand and will use it to retaliate mercilessly against you. What’s more, your reputation as a negotiator will suffer. As J. Paul Getty said, “My father said: ‘You must never try to make all the money that’s in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won’t have many deals.’”[40]

Ethics establish a way of doing what is right, fair, and honest. If your counterpart feels you are being unfair or dishonest, he or she is less likely to make any concessions—or even to negotiate with you in the first place.

Here are some tips for ethical negotiations:

- Be honest.
  - Keep your promises.
  - Follow the Platinum Rule. The Golden Rule tells us to treat others the way we want to be treated. Author Tony Alessandra goes a step further with the Platinum Rule: “Treat people the way they want to be treated.” Caring about others enough to treat them the way they want to be treated helps build long-term relationships based on ethics and trust[41].
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## Negotiation Around the Globe

Not understanding cultural differences is another common mistake. Some cultures have a higher or lower threshold for conflict. For example, in countries such as Japan or Korea, the preference is for harmony (called *wa* in Japan) rather than overt conflict[42]. Americans and Germans have a much higher tolerance for conflict as a way of working through issues. In a study of Japanese, German, and American cultures, it was found that almost half of the preference for different conflict management styles was related to the country in which participants were raised[43].

In Japan, much like Pakistan, the tendency is not to trust what is heard from the other party until a strong relationship is formed. Similarly, in China, conversations start out with innocuous topics to set a mood of friendliness[44]. This differs a great deal from American negotiators who tend to like to “get down to business” and heavily weigh first offers as reference

points that anchor the process as both sides make demands and later offers.

There are also differences in how individuals from different cultures use information and offers during the negotiation process. Observations show that Japanese negotiators tend to use offers as an information exchange process[45]. Research has found that American negotiators tend to reveal more information than their Japanese counterparts[46]. Japanese negotiators might learn little from a single offer, but patterns of offers over time are interpreted and factored into their negotiations. Since Japan is a high-context culture, information is learned from what is not said as well as from what is said.

Even the way that negotiations are viewed can differ across cultures. For example, the Western cultures tend to think of negotiations as a business activity rather than a social activity, but in other cultures, the first step in negotiations is to develop a trusting relationship. Negotiators in Brazil, for example, seriously damaged relationships when they tried to push negotiations to continue during the Carnival festival. “The local guys took that as a disrespectful action,” said Oscar Lopez, commercial director for Hexaprint, S.A. De C.V. in Mexico. “It took several weeks to restore confidence and move on”[47].

Also keep in mind what agreement means in different cultures. For example, in China, nodding of the head does not mean that the Chinese counterpart is agreeing to what you are proposing, merely that they are listening and following what you are saying. “Culturally, Chinese companies and workers do not like to say no,” says a buyer at a manufacturer based in the United States. Here’s how to overcome the problem. Instead of phrasing a question as, “Can you do this for us?” which would put the Chinese official in an uncomfortable position of saying no (which they likely would not do), rephrase the question as, “How will you do this for us and when will it be done?”[48]

## ***Consider the following:***

1. Is the goal of negotiation to maximize your economic outcome at all costs? Why or why not? Is it ethical to do so?
2. What are some similarities and differences in conflict management preference and negotiation practices among different countries around the globe? Have you had any experiences with individuals from other cultures? If so, how did it go? How might it have gone better?

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PART VI

# POWER AND POLITICS



# Module Introduction



## Module 6 Power & Politics

Power and politics are important aspects of any workplace. Power refers to the ability to influence or control others, while politics refers to the processes by which power is acquired and used. In the workplace, power can take many forms, such as legitimate power, reward power, coercive power, expert power, and referent power. Politics can take many forms as well, such as networking, coalition-building, persuasion, information control, and lobbying. Understanding power and politics in the workplace is crucial for navigating organizational dynamics and achieving career success.

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## Learning Objectives

1. Discuss the power model (sources of power, contingencies of power, etc.)
2. Recognize different influence tactics and when to use them
3. Describe how power can be used ethically

# Let's Define Power in the Workplace



## Let's Define Power

Numerous definitions of power abound in the literature on organizations. One of the earliest was suggested by Max Weber, the noted German sociologist, who defined power as “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance.”[1] Similarly, Emerson wrote, “The power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A.”[2] Following these and other definitions, we will define power for our purposes as an interpersonal relationship in which one individual (or group) has the ability to cause another individual (or group) to take an action that would not be taken otherwise.

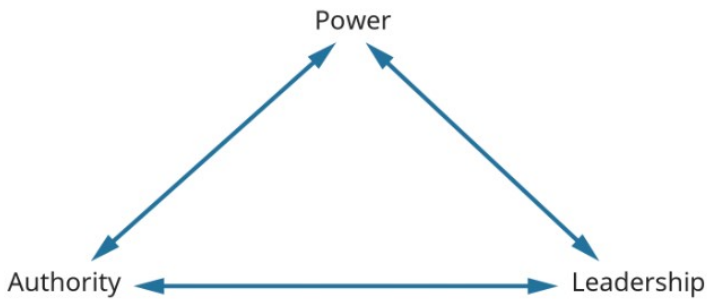
In other words, power involves one person changing the behavior of another. It is important to note that in most organizational situations, we are talking about implied force to comply, not necessarily actual force. That is, person A has

power over person B if person B believes that person A can, in fact, force person B to comply.

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## Power, Authority, and Leadership

Clearly, the concept of power is closely related to the concepts of authority and leadership (see Figure 7.1). In fact, power has been referred to by some as “informal authority,” whereas authority has been called “legitimate power.” However, these three concepts are not the same, and important differences among the three should be noted[3].



*Figure: Three Major Types of Influence.*

As stated previously, power represents the capacity of one person or group to secure compliance from another person or group. Nothing is said here about the right to secure compliance—only the ability. In contrast, authority represents the right to seek compliance by others; the exercise of authority

is backed by legitimacy. If a manager instructs a secretary to type certain letters, they presumably have the authority to make such a request. However, if the same manager asked the secretary to run personal errands, this would be outside the bounds of the legitimate exercise of authority. Although the secretary may still act on this request, the secretary's compliance would be based on power or influence considerations, not authority.

Hence, the exercise of authority is based on group acceptance of someone's right to exercise legitimate control. As Grimes notes, "What legitimates authority is the promotion or pursuit of collective goals that are associated with group consensus. The polar opposite, power, is the pursuit of individual or particularistic goals associated with group compliance."<sup>[4]</sup>

Finally, leadership is the ability of one individual to elicit responses from another person that go beyond required or mechanical compliance. It is this voluntary aspect of leadership that sets it apart from power and authority. Hence, we often differentiate between headship and leadership. A department head may have the right to require certain actions, whereas a leader has the ability to inspire certain actions. Although both functions may be served by the same individual, such is clearly not always the case.

# Positive and Negative Consequences of Power



## Positive and Negative Consequences of Power

The fact that we can see and succumb to power means that power has both positive and negative consequences. On the one hand, powerful CEOs can align an entire organization to move together to achieve goals. Amazing philanthropists such as Paul Farmer, a doctor who brought hospitals, medicine, and doctors to remote Haiti, and Greg Mortenson, a mountaineer who founded the Central Asia Institute and built schools across Pakistan, draw on their own power to organize others toward lofty goals; they have changed the lives of thousands of individuals in countries around the world for the better[5]. On the other hand, autocracy can destroy companies and countries alike. The phrase, “Power tends to corrupt, and

absolute power corrupts absolutely” was first said by English historian John Emerich Edward Dalberg, who warned that power was inherently evil. Its holders were not to be trusted. History shows that power can be intoxicating and can be devastating when abused, as seen in high-profile cases such as those involving Enron Corporation and government leaders such as the impeached Illinois Governor Rod Blagojevich in 2009. One reason that power can be so easily abused is that individuals are often quick to conform. To understand this relationship better, we will examine three famous researchers who studied conformity in a variety of contexts.

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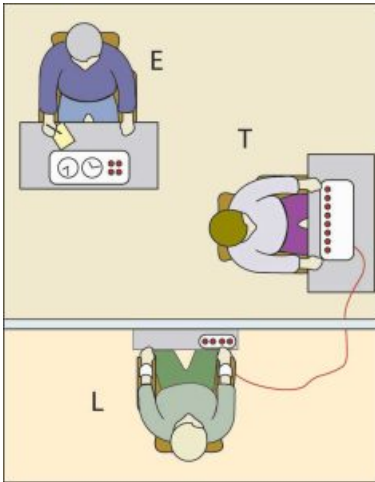
## Conformity

**Conformity** refers to people’s tendencies to behave consistently with social norms. Conformity can refer to small things such as how people tend to face forward in an elevator. There’s no rule listed in the elevator saying which way to face, yet it is expected that everyone will face forward. To test this, the next time you’re in an elevator with strangers, simply stand facing the back of the elevator without saying anything. You may notice that those around you become uncomfortable. Conformity can result in engaging in unethical behaviours, because you are led by someone you admire and respect who has power over you. Guards at Abu Ghraib said they were just following orders when they tortured prisoners[6]. People conform because they want to fit in with and please those around them. There is also a tendency to look to others in ambiguous situations, which can lead to conformity. The response to “Why did you do that?” being “Because everyone else was doing it” sums up this tendency.

So, does conformity occur only in rare or extreme circumstances? Actually, this is not the case. Three classic sets

of studies illustrate how important it is to create checks and balances to help individuals resist the tendency to conform or to abuse authority. To illustrate this, we will examine findings from the Milgram, Asch, and Zimbardo studies.

## The Milgram Studies



*This is an illustration of the setup of a Milgram experiment. The experimenter (E) convinces the subject ("Teacher" T) to give what are believed to be painful electric shocks to another subject, who is actually an actor ("Learner" L).*

Stanley Milgram, a psychologist at Yale in the 1960s, set out to study conformity to authority. His work tested how far individuals would go in hurting another individual when told to do so by a researcher. A key factor in the Milgram study and others that will be discussed is the use of confederates or people who seem to be participants but are actually paid by the researchers to take on a certain role. Participants believed that they were engaged in an experiment on learning. The participant

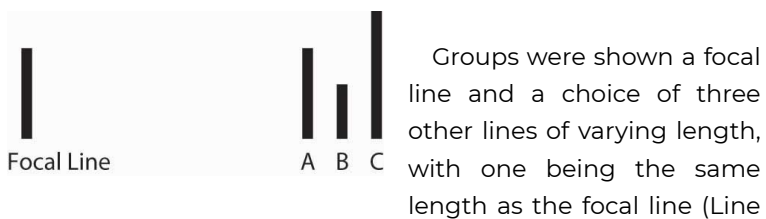
(teacher) would ask a series of questions to another "participant" (learner). The teachers were instructed to shock the learners whenever an incorrect answer was given. The learner was not a participant at all but actually, a confederate who would pretend to be hurt by the shocks and yell out in pain when the button was pushed. Starting at 15 volts of power, the participants were asked to increase the intensity of the shocks over time. Some expressed concern when the voltage

was at 135 volts, but few stopped once they were told by the researcher that they would not personally be held responsible for the outcome of the experiment and that their help was needed to complete the experiment. In the end, all the participants were willing to go up to 300 volts, and a shocking 65% were willing to administer the maximum of 450 volts even as they heard screams of pain from the learner[7]

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## The Asch Studies

Another researcher, Solomon Asch, found that individuals could be influenced to say that two lines were the same length when one was clearly shorter than the other. This effect was established using groups of four or more participants who were told they were in experiments on visual perception. However, only one person in the group was actually in the experiment. The rest were confederates, and the researchers had predetermined whether or not they gave accurate answers.



Most of the time the confederates would correctly state which choice matched the focal line, but occasionally they would give an obviously wrong answer. For example, looking at the following lines in the figure, the confederates might say that choice C matches the length of the focal line. When this happened, the actual

research participant would go along with the wrong answer 37% of the time.

When asked why they went along with the group, participants said they assumed that the rest of the group, for whatever reason, had more information regarding the correct choice. It only took three other individuals saying the wrong answer for the participant to routinely agree with the group. However, this effect was decreased by 75% if just one of the insiders gave the correct answer, even if the rest of the group gave the incorrect answer. This finding illustrates the power that even a small dissenting minority can have. Additionally, it holds even if the dissenting confederate gives a different incorrect answer. As long as one confederate gave an answer that was different from the majority, participants were more likely to give the correct answer themselves[8]. A meta-analysis of 133 studies using Asch's research design revealed two interesting patterns. First, within the United States, the level of conformity has been decreasing since the 1950s. Second, studies done in collectivistic countries such as Japan showed more conformity than those done in more individualistic countries such as Great Britain [9].

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## **The Zimbardo Study**

Philip Zimbardo, a researcher at Stanford University, conducted a famous experiment in the 1970s[10]. While this experiment would probably not make it past the human subjects committee of schools today, at the time, he was authorized to place an ad in the paper that asked for male volunteers to help understand prison management. After excluding any volunteers with psychological or medical problems or with any

history of crime or drug abuse, he identified 24 volunteers to participate in his study. Researchers randomly assigned 18 individuals to the role of prisoner or guard. Those assigned the role of “prisoners” were surprised when they were picked up by actual police officers and then transferred to a prison that had been created in the basement of the Stanford psychology building. The guards in the experiment were told to keep order but received no training. Zimbardo was shocked by how quickly the expected roles emerged. Prisoners began to feel depressed and helpless. Guards began to be aggressive and abusive. The original experiment was scheduled to last 2 weeks, but Zimbardo ended it after only 6 days upon seeing how deeply entrenched in their roles everyone, including himself, had become. Watch a short [YouTube video](#) for more information about the study.

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## The Relationship Between Dependency and Power

### Dependency

**Dependency** is directly related to power. The more that a person or unit is dependent on you, the more power you have. The strategic contingencies model provides a good description of how dependency works. According to the model, dependency is power that a person or unit gains from their ability to handle actual or potential problems facing the organization[11]. You know how dependent you are on someone when you answer three key questions that are addressed in the following sections.

## Scarcity

In the context of dependency, **scarcity** refers to the uniqueness of a resource. The more difficult something is to obtain, the more valuable it tends to be. Effective persuaders exploit this reality by making an opportunity or offer seem more attractive because it is limited or exclusive. They might convince you to take on a project because “it’s rare to get a chance to work on a new project like this,” or “You have to sign on today because if you don’t, I have to offer it to someone else.”

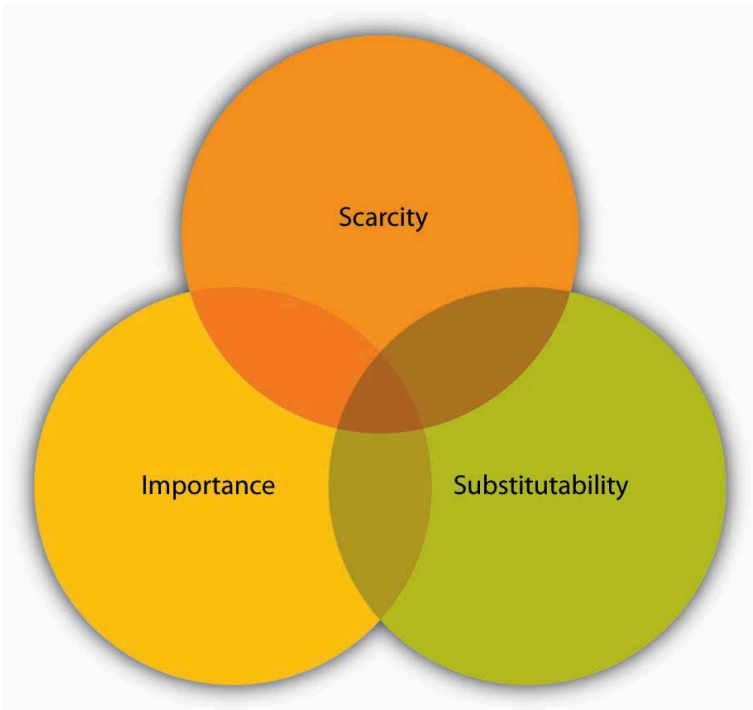
## Importance

**Importance** refers to the value of the resource. The key question here is “How important is this?” If the resources or skills you control are vital to the organization, you will gain some power. The more vital the resources that you control are, the more power you will have. For example, if Kecia is the only person who knows how to fill out reimbursement forms, it is important that you are able to work with her, because getting paid back for business trips and expenses is important to most of us.

## Substitutability

Finally, substitutability refers to one’s ability to find another option that works as well as the one offered. The question around whether something is substitutable is “How difficult would it be for me to find another way to this?” The harder it is to find a substitute, the more dependent the person becomes and the more power someone else has over them. If you are the only person who knows how to make a piece of equipment work, you will be very powerful in the organization. This is true unless another piece of equipment is brought in to serve the same function. At that point, your power would diminish. Similarly, countries with large supplies of crude oil have traditionally had power to the extent that other countries need oil to function. As the price of oil climbs, alternative energy sources such as wind, solar, and hydropower become more attractive to investors and governments. For example, in

response to soaring fuel costs and environmental concerns, in 2009 Japan Airlines successfully tested a blend of aircraft fuel made from a mix of camelina, jatropha, and algae on the engine of a Boeing 747-300 aircraft[12].



*Figure: Possessing any of the three aspects of a resource could make others depend on you, two would make you extremely needed, and having all three could make you indispensable.*

# The Power to Influence – Bases of Power



## The Power to Influence Bases of Power

Having power and using power are two different things. For example, imagine a manager who has the power to reward or punish employees. When the manager makes a request, he or she will probably be obeyed even though the manager does not actually reward the employee. The fact that the manager has the ability to give rewards and punishments will be enough for employees to follow the request. What are the sources of one's power over others? Researchers identified six sources of power, which include legitimate, reward, coercive, expert, information, and referent [13]. You might earn power from one source or all six depending on the situation.

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# Legitimate Power

Legitimate power is the power that comes from one's organizational role or position. For example, a boss can assign projects, a policeman can arrest a citizen, and a teacher can assign grades. Others comply with the requests these individuals make because they accept the legitimacy of the position, whether they like or agree with the request or not. Steve Jobs has enjoyed legitimate power as the CEO of Apple. He could set deadlines and employees comply even if they think the deadlines were overly ambitious. Start-up organizations often have founders who use their legitimate power to influence individuals to work long hours week after week in order to help the company survive.

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# Reward Power

Reward power is the ability to grant a reward, such as an increase in pay, a perk, or an attractive job assignment. Reward power tends to accompany legitimate power and is highest when the reward is scarce. Anyone can wield reward power, however, in the form of public praise or giving someone something in exchange for their compliance. When Steve Jobs ran Apple, he had reward power in the form of raises and promotions. Another example of reward power comes from Bill Gross, founder of Idealab, who has the power to launch new companies or not. He created his company with the idea of launching other new companies as soon as they could develop viable ideas. If members could convince him that their ideas were viable, he gave the company a maximum of \$250,000 in seed money and gave the management team and employees

a 30% stake in the company and the CEO 10% of the company. That way, everyone had a stake in the company. The CEO's salary was capped at \$75,000 to maintain a sense of equity. When one of the companies, Citysearch, went public, all employees benefited from the \$270 million valuation.

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## Coercive Power

In contrast, coercive power is the ability to take something away or punish someone for noncompliance. Coercive power often works through fear, and it forces people to do something that ordinarily they would not choose to do. The most extreme example of coercion is government dictators who threaten physical harm for non-compliance. Parents may also use coercion such as grounding their child as punishment for noncompliance. Steve Jobs has been known to use coercion—yelling at employees and threatening to fire them. When John Wiley & Sons Inc. published an unauthorized biography of Jobs, Jobs' response was to prohibit sales of all books from that publisher in any Apple retail store[14]. In other examples, John D. Rockefeller was ruthless when running Standard Oil Company. He not only undercut his competitors through pricing, but he used his coercive power to get railroads to refuse to transport his competitor's products. American presidents have been known to use coercive power. President Lyndon Baines Johnson once told a White House staffer, "Just you remember this. There's only two kinds at the White house. There's elephants and there's ants. And I'm the only elephant"[15]

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# Expert Power

Expert power comes from knowledge and skill. Steve Jobs has expert power from his ability to know what customers want—even before they can articulate it. Others who have expert power in an organization include long-time employees, such as a steelworker who knows the temperature combinations and length of time to get the best yields. Technology companies are often characterized by expert, rather than legitimate power. Many of these firms utilize a flat or matrix structure in which clear lines of legitimate power become blurred as everyone communicates with everyone else regardless of position.

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# Information Power

Information power is similar to expert power but differs in its source. Experts tend to have a vast amount of knowledge or skill, whereas information power is distinguished by access to specific information. For example, knowing price information gives a person information power during negotiations. Within organizations, a person's social network can either isolate them from information power or serve to create it. As we will see later in this chapter, those who are able to span boundaries and serve to connect different parts of the organizations often have a great deal of information power. In the TV show *Mad Men*, which is set in the 1960s, it is clear that the switchboard operators have a great deal of information power as they place all calls and are able to listen in on all the phone conversations within the advertising firm.

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# Referent Power

Referent power stems from the personal characteristics of the person such as the degree to which we like, respect, and want to be like them. Referent power is often called charisma—the ability to attract others, win their admiration, and hold them spellbound. Steve Jobs’s influence as described in the opening case is an example of this charisma.

# Classroom Activity: Identifying and Examining the Sources and Contingencies of Power



## Identifying and Examining the Sources and Contingencies of Power

**Purpose:** Each and every one of us possesses and uses power in our everyday lives. Understanding and learning the sources and contingencies of power can help us understand how we and others are able to leverage our own power to influence others to accomplish specific goals and tasks. This activity is designed to help us identify the sources and contingencies of power of a public figure and how this has helped them in their career.

**Time frame:** Approximately 30 – 40 minutes (20 minutes to identify the sources and contingencies of power, 10 -20 minutes classroom discussion)

**Instructions:**

1. In groups of 4 -5 people and choose a public figure that the group would like to analyze (I.e., Chris Hatfield, Oprah, Ryan Reynolds).
2. Identify which sources of power this person possesses. How do you know they possess these sources of power?
3. Identify and discuss the contingencies of power the person possesses. How have they used these contingencies of power to influence their power?
4. Be prepared to discuss your findings with the class.

# What is Influence?



## What is Influence?

Starting in infancy, we all try to get others to do what we want. We learn early what works in getting us to our goals. Instead of crying and throwing a tantrum, we may figure out that smiling and using language causes everyone less stress and brings us the rewards we seek.

By the time you hit the workplace, you have had vast experience with influence techniques. You have probably picked out a few that you use most often. To be effective in a wide number of situations, however, it's best to expand your repertoire of skills and become competent in several techniques, knowing how and when to use them as well as understanding when they are being used on you. If you watch someone who is good at influencing others, you will most probably observe that person switching tactics depending on the context. The more tactics you have at your disposal, the more likely it is that you will achieve your influence goals.

Al Gore and many others have spent years trying to influence us to think about the changes in the environment and the

implications of global warming. They speak, write, network, and lobby to get others to pay attention. But Gore, for example, does not stop there. He also works to persuade us with direct, action-based suggestions such as asking everyone to switch the kind of light bulbs they use, turn off appliances when not in use, drive vehicles with better fuel economy, and even take shorter showers. Ironically, Gore has more influence now as a private citizen regarding these issues than he was able to exert as a congressman, senator, and vice president of the United States.

## Commonly Used Influences Tactics

	Frequency of Use	Resistance	Compliance	Commitment
<b>Rational Persuasion</b>	54%	47%	30%	23%
<b>Legitimizing</b>	13%	44%	56%	0%
<b>Personal Appeals</b>	7%	25%	33%	42%
<b>Exchange</b>	7%	25%	33%	42%
<b>Ingratiation</b>	6%	41%	28%	31%
<b>Pressure</b>	6%	56%	41%	3%
<b>Coalitions</b>	3%	53%	44%	3%
<b>Inspirational Appeals</b>	2%	0%	10%	90%
<b>Consultation</b>	2%	18%	27%	55%

**Figure:** Influence Tactics Uses and Outcomes

Source: Adapted from information in Falbe, C. M., & Yukl, G.

(1992). *Consequences for managers of using single influence tactics and combinations of tactics*. *Academy of Management Journal*, 35, 638–652.

Researchers have identified distinct influence tactics and discovered that there are few differences between the way bosses, subordinates, and peers use them, which we will discuss in greater depth later on in this chapter. We will focus on nine influence tactics. Responses to influence attempts include resistance, compliance, or commitment. **Resistance** occurs when the influence target does not wish to comply with the request and either passively or actively repels the influence attempt. **Compliance** occurs when the target does not necessarily want to obey, but they do. **Commitment** occurs when the target not only agrees to the request but also actively supports it as well. Within organizations, commitment helps to get things done, because others can help to keep initiatives alive long after compliant changes have been made or resistance has been overcome.

## ***Rational Persuasion***

Rational persuasion includes using facts, data, and logical arguments to try to convince others that your point of view is the best alternative. This is the most commonly applied influence tactic. One experiment illustrates the power of reason. People were lined up at a copy machine and another person, after joining the line asked, “May I go to the head of the line?” Amazingly, 63% of the people in the line agreed to let the requester jump ahead. When the line jumper makes a slight change in the request by asking, “May I go to the head of the line because I have copies to make?” the number of people who agreed jumped to over 90%. The word because

was the only difference. Effective rational persuasion includes the presentation of factual information that is clear and specific, relevant, and timely. Across studies summarized in a meta-analysis, rationality was related to positive work outcomes[16].

## ***Inspirational Appeals***

Inspirational appeals seek to tap into our values, emotions, and beliefs to gain support for a request or course of action. When President John F. Kennedy said, “Ask not what your country can do for you, ask what you can do for your country,” he appealed to the higher selves of an entire nation. Effective inspirational appeals are authentic, personal, big-thinking, and enthusiastic.

## ***Consultation***

Consultation refers to the influence agent’s asking others for help in directly influencing or planning to influence another person or group. Consultation is most effective in organizations and cultures that value democratic decision-making.

## ***Ingratiation***

Ingratiation refers to different forms of making others feel good about themselves. Ingratiation includes any form of flattery done either before or during the influence attempt. Research shows that ingratiation can affect individuals. For example, in a study of résumés, those résumés that were accompanied by a cover letter containing ingratiating information were rated higher than résumés without this information. Other than the

cover letter accompanying them, the résumés were identical (Varma, Toh, & Pichler, 2006). Effective ingratiation is honest, infrequent, and well-intended.

## ***Personal Appeal***

Personal appeal refers to helping another person because you like them and they asked for your help. We enjoy saying yes to people we know and like. A famous psychological experiment showed that in dorms, the most well-liked people were those who lived by the stairwell—they were the most often seen by others who entered and left the hallway. The repeated contact brought a level of familiarity and comfort. Therefore, personal appeals are most effective with people who know and like you.

## ***Exchange***

Exchange refers to give-and-take in which someone does something for you, and you do something for them in return. The rule of reciprocation says that “we should try to repay, in kind, what another person has provided us”[17]. The application of the rule obliges us and makes us indebted to the giver. One experiment illustrates how a small initial gift can open people to a substantially larger request at a later time. One group of subjects was given a bottle of Coke. Later, all subjects were asked to buy raffle tickets. On average, people who had been given the drink bought twice as many raffle tickets as those who had not been given the unsolicited drinks.

## ***Coalition Tactics***

Coalition tactics refer to a group of individuals working together toward a common goal to influence others. Common examples of coalitions within organizations are unions that may threaten to strike if their demands are not met. Coalitions also take advantage of peer pressure. The influencer tries to build a case by bringing in the unseen as allies to convince someone to think, feel, or do something. A well-known psychology experiment draws upon this tactic. The experimenters stare at the top of a building in the middle of a busy street. Within moments, people who were walking by in a hurry stopped and also look at the top of the building, trying to figure out what the others are looking at. When the experimenters leave, the pattern continues, often for hours. This tactic is also extremely popular among advertisers and businesses that use client lists to promote their goods and services. The fact that a client bought from the company is a silent testimonial.

## ***Pressure***

Pressure refers to exerting undue influence on someone to do what you want or else something undesirable will occur. This often includes threats and frequent interactions until the target agrees. Research shows that managers with low referent power tend to use pressure tactics more frequently than those with higher referent power[18]. Pressure tactics are most effective when used in a crisis situation and when they come from someone who has the other's best interests in mind, such as getting an employee to an employee assistance program to deal with a substance abuse problem.

## Legitimizing Tactics

Legitimizing tactics occur when the appeal is based on legitimate or position power. “By the power vested in me...”: This tactic relies upon compliance with rules, laws, and regulations. It is not intended to motivate people but to align them with a direction. Obedience to authority is filled with both positive and negative images. Position, title, knowledge, experience, and demeanor grant authority, and it is easy to see how it can be abused. If someone hides behind people’s rightful authority to assert themselves, it can seem heavy-handed and without choice. You must come across as an authority figure by the way you act, speak, and look. Think about the number of commercials with doctors, lawyers, and other professionals who look and sound the part, even if they are actors. People want to be convinced that the person is an authority worth heeding. Authority is often used as a last resort. If it does not work, you will not have much else to draw from in your goal to persuade someone.

# Classroom Activity: Influence Tactics



## Influence Tactics

**Purpose:** While it is important for us to be able to identify and examine the sources and contingencies of power, it is also important for us to be able to influence others. In some situations, we may need to use hard influence tactics that “force” individuals to comply with our request. In other situations, soft influence tactics may help build long term commitment towards organizational goals and objectives. The purpose of this activity is to identify what influence tactics may be the most effective to generate the outcomes that we are hoping to achieve.

**Time frame:** Approximately 30 minutes to identify and discuss the most appropriate influence tactic for each of the following scenarios.

**Instructions:**

1. In groups of 4 -5 people discuss each of the following scenarios and identify what influence tactic would be the most appropriate and discuss why.

**Scenario 1:** Your group is planning an event for your project management class however; you have been struggling to obtain donations to help make your event successful. What influence tactic would be most effective when contacting:

- A) Fellow classmates?
- B) Companies to obtain donations?
- C) Instructors?

**Scenario 2:** You oversee professional development for your organization. You have created and hosted several workshops that are designed to address key objectives for the organization however, these workshops have been poorly attended. You know that these workshops would help improve organizational performance, however your boss has indicated that participation needs to increase by 50% in order for them to continue. What influence tactic(s) could be used to increase attendance? Why do you believe this would be the best option in this scenario?

**Scenario 3:** You work for an autobody shop and have just run a diagnostic on a customer's vehicle. You have contacted to customer to describe the problem you have identified and the work that you are recommending the customer have completed. There is one high-cost item that you have identified as a safety related issue for the customer however, they are leaning towards completing the lower cost items. What influence tactic(s) might be most effective in this scenario?

**Scenario 4:** You work as a legal assistant in a prominent law

firm. You have a client that has been taking a long time to read and sign the appropriate paperwork to close their file. This is delaying the billing for that client and the lawyer is becoming more frustrated with the client. What influence tactic(s) could be used to get the client to sign the paperwork?

**Scenario 5:** You have been working for a popular restaurant for a year. You have identified several inefficiencies that have negatively impacted the customer experience. Your boss has been resistant to meaningfully address some of the recommendations. What influence tactics could be used to get your recommendations implemented within the organization?

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PART VII  
LEADERSHIP



# Module Introduction



## Module 7 – Leadership

Leadership is an important aspect of organizational behaviour because leaders play a critical role in shaping the culture, performance, and overall success of organizations. Leaders are responsible for setting goals and priorities, motivating and guiding employees, making decisions, and managing resources. Effective leadership can help organizations achieve their goals and thrive, while poor leadership can result in low morale, high turnover, and decreased productivity.

Studying leadership can provide insights into the characteristics, behaviors, and skills that are associated with

effective leadership. This can include examining different leadership styles, such as transformational, transactional, and servant leadership, as well as exploring the traits and behaviors that are commonly associated with effective leaders, such as emotional intelligence, communication skills, and vision.

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## **Learning Objectives**

1. Recognize different leadership approaches (traits, contingencies, and inspirational theories)
2. Examine what makes an effective leader in contemporary organizations
3. Discuss cultural differences in leadership and impact to organizations

# Leader Behaviours



## Leader Behaviours

When trait researchers became disillusioned in the 1940s, their attention turned to studying leader behaviours. What did effective leaders actually do? Which behaviours made them perceived as leaders? Which behaviours increased their success? To answer these questions, researchers at Ohio State University and the University of Michigan used many different techniques, such as observing leaders in laboratory settings as well as surveying them. This research stream led to the discovery of two broad categories of behaviors: task-oriented behaviours (sometimes called ***initiating structure***) and people-oriented behaviours (also called ***consideration***).

- ***Task-oriented leader behaviours*** involve structuring the roles of subordinates, providing them with instructions, and behaving in ways that will increase the performance of the group. Task-oriented behaviours are directives given to employees to get things done and to ensure that organizational goals are met. People-oriented leader

behaviors include showing concern for employee feelings and treating employees respectfully.

- **People-oriented leaders** genuinely care about the well-being of their employees, and they demonstrate their concern in their actions and decisions. At the time, researchers thought that these two categories of behaviours were the keys to the puzzle of leadership[1]. However, the research did not support the argument that demonstrating both of these behaviors would necessarily make leaders effective[2].



When we look at the overall findings regarding these leader behaviours, it seems that both types of behaviours, in the aggregate, are beneficial to organizations, but for different purposes. For example, when leaders demonstrate people-oriented behaviours, employees tend to be more satisfied and react more positively. However, when leaders are task-oriented, productivity tends to be a bit higher[3]. Moreover, the situation in which these behaviours are demonstrated seems to matter. In small companies, task-oriented behaviours were found to be more effective than in large companies[4]. There is also some evidence that very high levels of leader task-oriented behaviours may cause burnout in employees[5].

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# Leader Decision-Making

Another question behavioural researchers focused on involved how leaders actually make decisions and the influence of decision-making styles on leader effectiveness and employee reactions. Three types of decision-making styles were studied.

1. In **authoritarian decision-making**, leaders make the decision alone without necessarily involving employees in the decision-making process.
2. When leaders use **democratic decision-making**, employees participate in the making of the decision.
3. Finally, leaders using **laissez-faire decision-making** leave employees alone to make the decision. The leader provides minimum guidance and involvement in the decision.

As with other lines of research on leadership, the research did not identify one decision-making style as the best. It seems that the effectiveness of the style the leader is using depends on the circumstances.

A review of the literature shows that when leaders use more democratic or participative decision-making styles, employees tend to be more satisfied; however, the effects on decision quality or employee productivity are weaker. Moreover, instead of expecting to be involved in every single decision, employees seem to care more about the overall participativeness of the organizational climate[6].

Different types of employees may also expect different levels of involvement. In a research organization, scientists viewed democratic leadership most favorably and authoritarian leadership least favorably[7], but employees working in large groups where opportunities for member interaction were limited preferred authoritarian leader decision-making[8]. Finally, the effectiveness of each style seems to depend on

who is using it. There are examples of effective leaders using both authoritarian and democratic styles. At Hyundai Motor America, high-level managers use authoritarian decision-making styles, and the company is performing very well[9].



The track record of the laissez-faire decision-making style is more problematic. Research shows that this style is negatively related to employee satisfaction with leaders and leader effectiveness[10]. Laissez-

faire leaders create high levels of ambiguity about job expectations on the part of employees, and employees also engage in higher levels of conflict when leaders are using the laissez-faire style[11].

Why do some managers believe that the only way to manage employees is to force and coerce them to work while others adopt a more humane approach? Douglas McGregor, an MIT Sloan School of Management professor, believed that a manager's actions toward employees were dictated by having one of two basic sets of assumptions about employee attitudes. His two contrasting categories, outlined in his 1960 book, *The Human Side of Enterprise*, are known as Theory X and Theory Y.

According to McGregor, some managers subscribe to Theory X. The main assumptions of **Theory X** managers are that employees are lazy, do not enjoy working, and will avoid expending energy on work whenever possible. For a manager, this theory suggests employees need to be forced to work through any number of control mechanisms ranging from threats to actual punishments. Because of the assumptions they make about human nature, Theory X managers end up establishing rigid work environments. Theory X also assumes

employees completely lack ambition. As a result, managers must take full responsibility for their subordinates' actions, as these employees will never take initiative outside of regular job duties to accomplish tasks.

In contrast, **Theory Y** paints a much more positive view of employees' attitudes and behaviours. Under Theory Y, employees are not lazy, can enjoy work, and will put effort into furthering organizational goals. Because these managers can assume that employees will act in the best interests of the organization given the chance, Theory Y managers allow employees autonomy and help them become committed to particular goals. They tend to adopt a more supportive role, often focusing on maintaining a work environment in which employees can be innovative and prosperous within their roles.

One way of improving our leadership style would be to become conscious of our theories of human nature and question the validity of our implicit theories[12].

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## Limitations of Behavioural Approaches

Behavioural approaches, similar to trait approaches, fell out of favor because they neglected the environment in which behaviours are demonstrated. The hope of the researchers was that the identified behaviours would predict leadership under all circumstances, but it may be unrealistic to expect that a given set of behaviours would work under all circumstances. What makes a high school principal effective on the job may be very different from what makes a military leader effective, which would be different from behaviours creating success in small or large business enterprises. It turns out that specifying

the conditions under which these behaviours are more effective may be a better approach.

# What is the Role of Context? Contingency Approaches to Leadership



## What is the Role of Context? Contingency Approaches to Leadership

What is the best leadership style? By now, you must have realized that this may not be the right question to ask. Instead, a better question might be: Under which conditions are certain leadership styles more effective? After the disappointing results of trait and behavioural approaches, several scholars developed leadership theories that specifically incorporated the role of the environment. Specifically, researchers started following a contingency approach to leadership—rather than trying to identify traits or behaviours that would be effective

under all conditions, the attention moved toward specifying the situations under which different styles would be effective.

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## Fiedler's Contingency Theory

The earliest and one of the most influential contingency theories was developed by Frederick Fiedler [13]. According to the theory, a leader's style is measured by a scale called the Least Preferred Coworker scale (LPC). People who are filling out this survey are asked to think of a person who is their least preferred coworker. Then, they rate this person in terms of how friendly, nice, and cooperative this person is. Imagine someone you did not enjoy working with. Can you describe this person in positive terms? In other words, if you can say that the person you hated working with was still a nice person, you would have a high LPC score. This means that you have a people-oriented personality, and you can separate your liking of a person from your ability to work with that person. On the other hand, if you think that the person you hated working with was also someone you did not like on a personal level, you would have a low LPC score. To you, being unable to work with someone would mean that you also dislike that person. In other words, you are a task-oriented person.

According to Fiedler's theory, different people can be effective in different situations. The LPC score is akin to a personality trait and is not likely to change. Instead, placing the right people in the right situation or changing the situation to suit an individual is important to increase a leader's effectiveness. The theory predicts that in "favorable" and "unfavorable" situations, a low LPC leader—one who has feelings of dislike for coworkers who are difficult to work with—would be successful. When situational favorableness is

medium, a high LPC leader—one who is able to personally like coworkers who are difficult to work with—is more likely to succeed.

How does Fiedler determine whether a situation is “favorable,” “medium,” or “unfavorable”? There are three conditions creating situational favorableness: leader-subordinate relations, position power, and task structure. The situation is very favorable if the leader has a good relationship with most people and has a high position of power, and the task at hand is structured. When the leader has low-quality relations with employees and has low position power, and the task at hand is relatively unstructured, the situation is very unfavorable[1].

**Situational Favorableness**   **Leader-Subordinate Relations**   **Position Power**   **Task Structure**   **Best Style**

Good

High

High

Good

High

Low

**Favorable**

Good

Low

High

Low LPC Leader

**Situational Favorableness**   **Leader-Subordinate Relations**   **Position Power**   **Task Structure**   **Best Style**

Good

Low

Low

Poor

High

High

**Medium**

High LPC  
Leader

Poor

High

Low

**Situational Favorableness**   **Leader-Subordinate Relations**   **Position Power**   **Task Structure**   **Best Style**

Poor

Low

High

**Situational Favorableness**   **Leader-Subordinate Relations**   **Position Power**   **Task Structure**   **Best Style**

**Unfavorable**

Poor

Low

Low

Low LPC Leader

## **Figure 7.1: Situational Favorableness**

*Sources: Based on information in Fiedler, F. E. (1967). A theory of leadership effectiveness. New York: McGraw-Hill; Fiedler, F. E. (1964). A contingency model of leader effectiveness. In L. Berkowitz (Ed.), Advances in experimental social psychology, vol. 1 (pp. 149–190). New York: Academic Press.*

Research partially supports the predictions of Fiedler's contingency theory[14]. Specifically, there is more support for the theory's predictions about when low LPC leadership should be used, but the part about when high LPC leadership would be more effective received less support. Even though the theory was not supported in its entirety, it is a useful framework to think about when task- versus people-oriented leadership may be more effective. Moreover, the theory is important because of its explicit recognition of the importance of the context of leadership.

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## **Situational Leadership**

Another contingency approach to leadership is Kenneth Blanchard and Paul Hersey's Situational Leadership Theory (SLT) which argues that leaders must use different leadership styles depending on their followers' development level[15]. According to this model, employee readiness (defined as a combination of competence and commitment levels) is the key factor determining the proper leadership style. This approach has been highly popular with 14 million managers across 42 countries undergoing SLT training and 70% of Fortune 500 companies employing its use.

The model summarizes the level of directive and supportive

behaviours that leaders may exhibit. The model argues that to be effective, leaders must use the right style of behaviours at the right time in each employee's development. It is recognized that followers are key to a leader's success. Employees who are at the earliest stages of development are seen as being highly committed but with low competence for the tasks. Thus, leaders should be highly directive and less supportive. As the employee becomes more competent, the leader should engage in more coaching behaviours. Supportive behaviours are recommended once the employee is at moderate to high levels of competence. And finally, delegating is the recommended approach for leaders dealing with employees who are both highly committed and highly competent. While the SLT is popular with managers, relatively easy to understand and use, and has endured for decades, research has been mixed in its support of the basic assumptions of the model [16]. Therefore, while it can be a useful way to think about matching behaviors to situations, overreliance on this model, at the exclusion of other models, is premature.

# What's New? Contemporary Approaches to Leadership



## What's New? Contemporary Approaches to Leadership

What are the leadership theories that have the most significant contributions to offer to today's business environment? In this section, we will review the most recent developments in the field of leadership.

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# Transformational Leadership

Transformational leadership theory is a recent addition to the literature, but more research has been conducted on this theory than all the contingency theories combined. The theory distinguishes transformational and transactional leaders. **Transformational leaders** lead employees by aligning employee goals with the leader's goals. Thus, employees working for transformational leaders start focusing on the company's well-being rather than on what is best for them as individual employees. On the other hand, **transactional leaders** ensure that employees demonstrate the right behaviours and provide resources in exchange[17].

Transformational leaders have four tools in their possession, which they use to influence employees and create a commitment to the company goals[18].

1. Transformational leaders are charismatic. Charisma refers to behaviours leaders demonstrate that create confidence in, commitment to, and admiration for the leader[19]. Charismatic individuals have a “magnetic” personality that is appealing to followers.
2. Transformational leaders use inspirational motivation or come up with a vision that is inspiring to others.
3. Transformational leaders use intellectual stimulation, which means that they challenge organizational norms and the status quo, and they encourage employees to think creatively and work harder.
4. Finally, transformational leaders use individualized consideration, which means that they show personal care and concern for the well-being of their followers.

Examples of transformational leaders include Steve Jobs of Apple Inc.; Lee Iacocca, who transformed Chrysler Motors LLC in the 1980s; and Jack Welch, who was the CEO of General

Electric Company for 20 years. Each of these leaders is charismatic and is held responsible for the turnarounds of their companies.

While transformational leaders rely on their charisma, persuasiveness, and personal appeal to change and inspire their companies, **transactional leaders** use three methods.

1. Contingent rewards mean rewarding employees for their accomplishments.
2. Active management by exception involves leaving employees to do their jobs without interference, while proactively predicting potential problems and preventing them from occurring.
3. Passive management by exception is similar in that it involves leaving employees alone, but in this method, the manager waits until something goes wrong before coming to the rescue.

Which leadership style do you think is more effective, transformational or transactional? Research shows that transformational leadership is a very powerful influence over leader effectiveness as well as employee satisfaction[20]. In fact, transformational leaders increase the intrinsic motivation of their followers, build more effective relationships with employees, increase the performance and creativity of their followers, increase team performance, and create higher levels of commitment to organizational change efforts[21]. However, except for passive management by exception, the transactional leadership styles are also effective, and they also have positive influences on leader performance as well as employee attitudes[22]. To maximize their effectiveness, leaders are encouraged to demonstrate both transformational and transactional styles. They should also monitor themselves to avoid demonstrating passive management by exception or leaving employees to their own devices until problems arise.

Why is transformational leadership effective? The key factor may be trust. Trust is the belief that the leader will show integrity, fairness, and predictability in his or her dealings with others. Research shows that when leaders demonstrate transformational leadership behaviours, followers are more likely to trust the leader. The tendency to trust transactional leaders is substantially lower. Because transformational leaders express greater levels of concern for people's well-being and appeal to people's values, followers are more likely to believe that the leader has a trustworthy character[23].

Is transformational leadership genetic? Some people assume that charisma is something people are born with. You either have charisma, or you don't. However, research does not support this idea. We must acknowledge that there is a connection between some personality traits and charisma. Specifically, people who have a neurotic personality tend to demonstrate lower levels of charisma, and people who are extroverted tend to have higher levels of charisma. However, personality explains only around 10% of the variance in charisma[24]. A large body of research has shown that it is possible to train people to increase their charisma and increase their transformational leadership[25].

Even if charisma can be learned, a more fundamental question remains: Is it really needed? Charisma is only one element of transformational leadership, and leaders can be effective without charisma. In fact, charisma has a dark side. For every charismatic hero such as Lee Iacocca, Steve Jobs, and Virgin Atlantic Airways Ltd.'s Sir Richard Branson, there are charismatic personalities who harmed their organizations or nations, such as Adolph Hitler of Germany and Jeff Skilling of Enron Corporation. Leadership experts warn that when organizations are in a crisis, a board of directors or hiring manager may turn to heroes who they hope will save the organization, and sometimes hire people who have no

particular qualifications other than being perceived as charismatic[26].

An interesting study shows that when companies have performed well, their CEOs are perceived as charismatic, but CEO charisma has no relation to the future performance of a company[27]. So, what we view as someone's charisma may be largely because of their association with a successful company, and the success of a company depends on a large set of factors, including industry effects and historical performance. While it is true that charismatic leaders may sometimes achieve great results, the search for charismatic leaders under all circumstances may be irrational.

## OB Toolbox: Be Charismatic!

- ***Have a vision around which people can gather.*** When framing requests or addressing others, instead of emphasizing short-term goals, stress the importance of the long-term vision. When giving a message, think about the overarching purpose. What is the ultimate goal? Why should people care? What are you trying to achieve?
- ***Tie the vision to history.*** In addition to stressing the ideal future, charismatic leaders also bring up history and how the shared history ties to the future.
- ***Watch your body language.*** Charismatic leaders are energetic and passionate about

their ideas. This involves truly believing in your own ideas. When talking to others, be confident, look them in the eye, and express your belief in your ideas.

- **Make sure that employees have confidence in themselves.** You can achieve this by showing that you believe in them and trust in their abilities. If they have a real reason to doubt their abilities, make sure that you address the underlying issue, such as training and mentoring.
- **Challenge the status quo.** Charismatic leaders solve current problems by radically rethinking the way things are done and suggesting alternatives that are risky, novel, and unconventional.

*Sources: Adapted from ideas in Frese, M., Beigel, S., & Schoenborg, S. (2003). Action training for charismatic leadership: Two evaluations of studies of a commercial training module on inspirational communication of a vision. Personnel Psychology, 56, 671–697; Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effects of charismatic leadership: A self-concept based theory. Organization Science, 4, 577–594.*

# Leader-Member Exchange (LMX) Theory

**Leader-member exchange (LMX) theory** proposes that the type of relationship leaders have with their followers (members of the organization) is the key to understanding how leaders influence employees. Leaders form different types of relationships with their employees. In high-quality LMX relationships, the leader forms a trust-based relationship with the member. The leader and member like each other, help each other when needed, and respect each other. In these relationships, the leader and the member are each ready to go above and beyond their job descriptions to promote the other's ability to succeed. In contrast, in low-quality LMX relationships, the leader and the member have lower levels of trust, liking, and respect toward each other. These relationships do not have to involve actively disliking each other, but the leader and member do not go beyond their formal job descriptions in their exchanges. In other words, the member does his job, the leader provides rewards and punishments, and the relationship does not involve high levels of loyalty or obligation toward each other [28].

If you have work experience, you may have witnessed the different types of relationships managers form with their employees. In fact, many leaders end up developing differentiated relationships with their followers. Within the same workgroup, they may have in-group members who are close to them, and out-group members who are more distant. If you have ever been in a high LMX relationship with your manager, you may attest to the advantages of the relationship. Research shows that high LMX members are more satisfied with their jobs, more committed to their companies, have higher levels of clarity about what is expected of them, and perform at a higher level[29]. Employees' high levels of

performance may not be a surprise, since they receive higher levels of resources and help from their managers as well as more information and guidance. If they have questions, these employees feel more comfortable seeking feedback or information[30]. Because of all the help, support, and guidance they receive, employees who have a good relationship with the manager are in a better position to perform well. Given all they receive, these employees are motivated to reciprocate to the manager, and therefore they demonstrate higher levels of citizenship behaviors such as helping the leader and coworkers (Ilies, Nahrgang, & Morgeson, 2007). Being in a high LMX relationship is also advantageous because a high-quality relationship is a buffer against many stressors, such as being a misfit in a company, having personality traits that do not match job demands, and having unmet expectations[31]. The list of the benefits high LMX employees receive is long, and it is not surprising that these employees are less likely to leave their jobs[32].

The problem, of course, is that not all employees have a high-quality relationship with their leader, and those who are in the leader's out-group may suffer as a result. But how do you develop a high-quality relationship with your leader? It seems that this depends on many factors. Managers can help develop such a meaningful and trust-based relationship by treating their employees in a fair and dignified manner[33]. They can also test to see if the employee is trustworthy by delegating certain tasks when the employee first starts working with the manager (Bauer & Green, 1996). Employees also have an active role in developing the relationship. Employees can put forth effort into developing a good relationship by seeking feedback to improve their performance, being open to learning new things on the job, and engaging in political behaviors such as the use of flattery[34]. Interestingly, high performance does not seem to be enough to develop a high-quality exchange. Instead, interpersonal factors such as the similarity of

personalities and a mutual liking and respect are more powerful influences on how the relationship develops[35]. Finally, relationships develop differently in different types of companies, and corporate culture matters in how leaders develop these relationships. In performance-oriented cultures, the relevant factor seems to be how the leader distributes rewards, whereas, in people-oriented cultures, the leader treating people with dignity is more important[36].

## Self-Assessment: Rate Your LMX

Answer the following questions using 1 = not at all, 2 = somewhat, 3 = fully agree.

- 1    —     I like my supervisor very much as a person.  
  .    —
- 2    —     My supervisor is the kind of person one  
  .    —     would like to have as a friend.
- 3    —     My supervisor is a lot of fun to work with.  
  .    —

- 4 —      My supervisor defends my work actions to a superior, even without complete knowledge of the issue in question.
- 5 —      My supervisor would come to my defense if I were “attacked” by others.
- 6 —      My supervisor would defend me to others in the organization if I made an honest mistake.
- 7 —      I do work for my supervisor that goes beyond what is specified in my job description.
- 8 —      I am willing to apply extra efforts, beyond those normally required, to further the interests of my work group.
- 9 —      I do not mind working my hardest for my supervisor.
10. —     I am impressed with my supervisor’s knowledge of his or her job.
11. —     I respect my supervisor’s knowledge of and competence on the job.
12. —     I admire my supervisor’s professional skills.

**Scoring:**

**Add your score for 1, 2, 3 = \_\_\_\_ . This is your score on the *Liking* factor of LMX.**

*A score of 3 to 4 indicates a low LMX in terms of liking. A score of 5 to 6 indicates an average LMX in terms of liking. A score of 7+ indicates a high LMX in terms of liking.*

**Add your score for 4, 5, 6 = \_\_\_\_ . This is your score on the *Loyalty* factor of LMX.**

*A score of 3 to 4 indicates a low LMX in terms of loyalty. A score of 5 to 6 indicates an average LMX in terms of loyalty. A score of 7+ indicates a high LMX in terms of loyalty.*

**Add your score for 7, 8, 9 = \_\_\_\_ . This is your score on the *Contribution* factor of LMX.**

*A score of 3 to 4 indicates a low LMX in terms of contribution. A score of 5 to 6 indicates an average LMX in terms of contribution. A score of 7+ indicates a high LMX in terms of contribution.*

**Add your score for 10, 11, 12 = \_\_\_\_ . This is your score on the *Professional Respect* factor of LMX.**

*A score of 3 to 4 indicates a low LMX in terms of professional respect. A score of 5 to 6 indicates an average LMX in terms of professional respect. A score of 7+ indicates a high LMX in terms of professional respect.*

*Source: Adapted from Liden, R. C., & Maslyn, J. M. (1998). Multidimensionality of leader-member exchange: An empirical assessment through scale development. *Journal of Management*, 24, 43–72. Used by permission of Sage Publications.*

Should you worry if you do not have a high-quality relationship with your manager? One problem in a low-quality exchange is that employees may not have access to the

positive work environment available to high LMX members. Secondly, low LMX employees may feel that their situation is unfair. Even when their objective performance does not warrant it, those who have a good relationship with the leader tend to have positive performance appraisals[37]. Moreover, they are more likely to be given the benefit of the doubt. For example, when high LMX employees succeed, the manager is more likely to think that they succeeded because they put forth a lot of effort and had high abilities, whereas, for low LMX members who perform objectively well, the manager is less likely to make the same attribution[38]. In other words, the leader may interpret the same situation differently, depending on which employee is involved and may reward low LMX employees less despite equivalent performance. In short, those with a low-quality relationship with their leader may experience a work environment that may not be supportive or fair.

Despite its negative consequences, we cannot say that all employees want to have a high-quality relationship with their leader. Some employees may genuinely dislike the leader and may not value the rewards in the leader's possession. If the leader is not well-liked in the company and is known as abusive or unethical, being close to such a person may imply guilt by association. For employees who have no interest in advancing their careers in the current company (such as a student employee who is working in retail but has no interest in retail as a career), having a low-quality exchange may afford the opportunity to just do one's job without having to go above and beyond the job requirements. Finally, not all leaders are equally capable of influencing their employees by having a good relationship with them: It also depends on the power and influence of the leader in the company as a whole and how the leader is treated within the organization. Leaders who are more powerful will have more to share with their employees[39].

What LMX theory implies for leaders is that one way of

influencing employees is through the types of relationships leaders form with their subordinates. These relationships develop naturally through the work-related and personal interactions between the manager and the employee. Because they occur naturally, some leaders may not be aware of the power that lies in them. These relationships have an important influence on employee attitudes and behaviors. In the worst case, they have the potential to create an environment characterized by favoritism and unfairness. Therefore, managers are advised to be aware of how they build these relationships: Put forth effort in cultivating these relationships consciously, and be open to forming good relationships with people from all backgrounds regardless of characteristics such as sex, race, age, or disability status, and prevent these relationships from leading to an unfair work environment.

## **OB Toolbox: Ideas for Improving Your Relationship With Your Manager**

Having a good relationship with your manager may substantially increase your job satisfaction, improve your ability to communicate with your manager, and help you succeed. Here are some tips for developing a high-quality exchange:

- ***Create interaction opportunities with your manager.*** One way of doing this would be seeking feedback from your manager with the

intention of improving your performance. Be careful though: If the manager believes that you are seeking feedback for a different purpose, it will not help.

- **People are more attracted to those who are similar to them.** So, find out where your similarities lie. What does your manager like that you also like? Do you have similar working styles? Do you have any mutual experiences? Bringing up your commonalities in conversations may help.
- **Utilize impression management tactics, but be tactful.** If there are work-related areas in which you can sincerely compliment your manager, do so. For example, if your manager made a decision that you agree with, you may share your support. Most people, including managers, appreciate positive feedback. However, flattering your manager in non-work-related areas (such as appearance) or using flattery in an insincere way (praising an action you do not agree with) will only backfire and cause you to be labeled as a flatterer.
- **Be a reliable employee.** Managers need people they can trust. By performing at a high level, demonstrating predictable and consistent behavior, and volunteering for challenging assignments, you can prove your worth.
- **Be aware that relationships develop early** (as early as the first week of your working

together). So be careful how you behave during the interview and your very first days. If you rub your manager the wrong way early on, it will be harder to recover the relationship.

*Sources: Based on information presented in Colella, A., & Varma, A. (2001). The impact of subordinate disability on leader-member exchange relationships. Academy of Management Journal, 44, 304–315; Liden, R. C., Wayne, S. J., & Stilwell, D. (1993). A longitudinal study on the early development of leader-member exchanges. Journal of Applied Psychology, 78, 662–674; Maslyn, J. M., & Uhl-Bien, M. (2001). Leader-member exchange and its dimensions: Effects of self-effort and other's effort on relationship quality. Journal of Applied Psychology, 86, 697–708; Wing, L., Xu, H., & Snape, E. (2007). Feedback-seeking behavior and leader-member exchange: Do supervisor-attributed motives matter? Academy of Management Journal, 50, 348–363.*

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## Servant Leadership

The early 21st century has been marked by a series of highly publicized corporate ethics scandals: Between 2000 and 2003 we witnessed the scandals of Enron, WorldCom, Arthur Andersen LLP, Qwest Communications International Inc., and

Global Crossing Ltd. As corporate ethics scandals shake investor confidence in corporations and leaders, the importance of ethical leadership and keeping the long-term interests of stakeholders in mind is becoming more widely acknowledged.

Servant leadership is a leadership approach that defines the leader's role as serving the needs of others. According to this approach, the primary mission of the leader is to develop employees and help them reach their goals. Servant leaders put their employees first, understand their personal needs and desires, empower them, and help them develop in their careers. Unlike mainstream management approaches, the overriding objective in servant leadership is not limited to getting employees to contribute to organizational goals. Instead, servant leaders feel an obligation to their employees, customers, and the external community. Employee happiness is seen as an end in itself, and servant leaders sometimes sacrifice their own well-being to help employees succeed. In addition to a clear focus on having a moral compass, servant leaders are also interested in serving the community. In other words, their efforts to help others are not restricted to company insiders, and they are genuinely concerned about the broader community surrounding their organization[40]. According to historian Doris Kearns Goodwin, Abraham Lincoln was a servant leader because of his balance of social conscience, empathy, and generosity[41].

Even though servant leadership has some overlap with other leadership approaches such as transformational leadership, its explicit focus on ethics, community development, and self-sacrifice are distinct characteristics of this leadership style. Research shows that servant leadership has a positive impact on employee commitment, employee citizenship behaviors toward the community (such as participating in community volunteering), and job performance[42]. Leaders who follow the servant leadership approach create a climate of fairness in their

departments, which leads to higher levels of interpersonal helping behavior[43].

Servant leadership is a tough transition for many managers who are socialized to put their own needs first, be driven by success, and tell people what to do. In fact, many of today's corporate leaders are not known for their humility! However, leaders who have adopted this approach attest to its effectiveness. David Wolfskehl, of Action Fast Print in New Jersey, founded his printing company when he was 24 years old. He marks the day he started asking employees what he can do for them as the beginning of his company's new culture. In the next 2 years, his company increased its productivity by 30%[44].

## Be a Servant Leader

One of the influential leadership paradigms involves leaders putting others first. This could be a hard transition for an achievement-oriented and success-driven manager who rises to high levels. Here are some tips to achieve servant leadership.

- ***Don't ask what your employees can do for you.*** Think of what you can do for them. Your job as a leader is to be of service to them. How can you relieve their stress? Protect them from undue pressure? Pitch in to help them? Think about creative ways of helping ease their lives.
- ***One of your key priorities should be to help employees reach their goals.*** This involves

getting to know them. Learn about who they are and what their values and priorities are.

- **Be humble.** You are not supposed to have all the answers and dictate to others. One way of achieving this humbleness may be to do volunteer work.
- **Be open with your employees.** Ask them questions. Give them information so that they understand what is going on in the company.
- **Find ways of helping the external community.** Giving employees opportunities to be involved in community volunteer projects or even thinking and strategizing about making a positive impact on the greater community would help.

*Sources: Based on information presented in Buchanan, L. (2007, May). In praise of selflessness: Why the best leaders are servants. Inc, 29(5), 33–35; Douglas, M. E. (2005, March). Service to others. Supervision, 66(3), 6–9; Ramsey, R. D. (2005, October). The new buzz word. Supervision, 66(10), 3–5.*

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## Authentic Leadership

Leaders have to be a lot of things to a lot of people. They

operate within different structures, work with different types of people, and they have to be adaptable. At times, it may seem that a leader's smartest strategy would be to act as a social chameleon, changing his or her style whenever doing so seems advantageous. But this would lose sight of the fact that effective leaders have to stay true to themselves. The authentic leadership approach embraces this value: Its key advice is "be yourself." Think about it: We all have different backgrounds, different life experiences, and different role models. These trigger events over the course of our life that shape our values, preferences, and priorities. Instead of trying to fit into societal expectations about what a leader should be, act like, or look like, authentic leaders derive their strength from their own past experiences. Thus, one key characteristic of authentic leaders is that they are self-aware. They are introspective, understand where they are coming from, and have a thorough understanding of their own values and priorities. Secondly, they are not afraid to act the way they are. In other words, they have high levels of personal integrity. They say what they think. They behave in a way consistent with their values. As a result, they remain true to themselves. Instead of trying to imitate other great leaders, they find their own style in their personality and life experiences[45].

One example of an authentic leader is Howard Schultz, the founder of Starbucks Corporation coffeehouses. As a child, Schultz witnessed the job-related difficulties his father experienced as a result of medical problems. Even though he had no idea he would have his own business one day, the desire to protect people was shaped in those years and became one of his foremost values. When he founded Starbucks, he became an industry pioneer by providing health insurance and retirement coverage to part-time as well as full-time employees[46].

Authentic leadership requires understanding oneself. Therefore, in addition to self-reflection, feedback from others

is needed to gain a true understanding of one's behavior and its impact on others. Authentic leadership is viewed as a potentially influential style because employees are more likely to trust such a leader. Moreover, working for an authentic leader is likely to lead to greater levels of satisfaction, performance, and overall well-being on the part of employees[47].



*One or more interactive elements has been excluded from this version of the text. You can*

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# The Role of Ethics and National Culture



## The Role of Ethics and National Culture

### Leadership and Ethics

As some organizations suffer the consequences of ethical crises that put them out of business or damage their reputations, the role of leadership as a driver of ethical behaviour is receiving a lot of scholarly attention as well as acknowledgment in the popular press. Ethical decisions are complex and, even to people who are motivated to do the right thing, the moral component of a decision may not be obvious. Therefore, employees often look to role models, influential people, and their managers for guidance on how to behave. Unfortunately, research shows that people tend to follow leaders or other authority figures even when doing so can put

others at risk. The famous Milgram experiments support this point. Milgram conducted experiments in which experimental subjects were greeted by someone in a lab coat and asked to administer electric shocks to other people who gave the wrong answer in a learning task. In fact, the shocks were not real and the learners were actors who expressed pain when shocks were administered. Around two-thirds of the experimental subjects went along with the requests and administered the shocks even after they reached what the subjects thought were dangerous levels. In other words, people in positions of authority are influential in driving others to ethical or unethical behaviours[48].

It seems that when evaluating whether someone is an effective leader, subordinates pay attention to the level of ethical behaviours the leader demonstrates. In fact, one study indicated that the perception of being ethical explained 10% of the variance in whether an individual was also perceived as a leader. The level of ethical leadership was related to job satisfaction, dedication to the leader, and a willingness to report job-related problems to the leader[49].

Leaders influence the level of ethical behaviours demonstrated in a company by setting the tone of the organizational climate. Leaders who have high levels of moral development create a more ethical organizational climate[50]. By acting as a role models for ethical behaviour, rewarding ethical behaviours, publicly punishing unethical behaviours, and setting high expectations for the level of ethics, leaders play a key role in encouraging ethical behaviours in the workplace.

The more contemporary leadership approaches are more explicit in their recognition that ethics is an important part of effective leadership. Servant leadership emphasizes the importance of a large group of stakeholders, including the external community surrounding a business. On the other hand, authentic leaders have a moral compass, they know what is right and what is wrong, and they have the courage to

follow their convictions. Research shows that transformational leaders tend to have higher levels of moral reasoning, even though it is not part of the transformational leadership theory[5]. It seems that ethical behaviour is more likely to happen when (a) leaders are ethical themselves, and (b) they create an organizational climate in which employees understand that ethical behaviours are desired, valued, and expected.

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## Leadership Around the Globe

Is leadership universal? This is a critical question given the amount of international activity in the world. Companies that have branches in different countries often send expatriates to manage the operations. These expatriates are people who have demonstrated leadership skills at home, but will these same skills work in the host country? Unfortunately, this question has not yet been fully answered. All the leadership theories that we describe in this chapter are U.S.-based. Moreover, around 98% of all leadership research has been conducted in the United States and other western nations. Thus, these leadership theories may have underlying cultural assumptions. The United States is an individualistic, performance-oriented culture, and the leadership theories suitable for this culture may not necessarily be suitable for other cultures.

People who are perceived as leaders in one society may have different traits compared to people perceived as leaders in a different culture, because each society has a concept of ideal leader prototypes. When we see certain characteristics in a person, we make the attribution that this person is a leader. For example, someone who is confident, caring, and charismatic may be viewed as a leader because we feel that these

characteristics are related to being a leader. These leadership prototypes are societally driven and may have a lot to do with a country's history and its heroes.

Recently, a large group of researchers from 62 countries came together to form a project group called Global Leadership and Organizational Behaviour Effectiveness or GLOBE[52]. This group is one of the first to examine leadership differences around the world. Their results are encouraging, because, in addition to identifying differences, they found similarities in leadership styles as well. Specifically, certain leader traits seem to be universal. Around the world, people feel that honesty, decisiveness, being trustworthy, and being fair are related to leadership effectiveness. There is also universal agreement in characteristics viewed as undesirable in leaders: being irritable, egocentric, and a loner[53]. Visionary and charismatic leaders were found to be the most influential leaders around the world, followed by team-oriented and participative leaders. In other words, there seems to be a substantial generalizability in some leadership styles.

Even though certain leader behaviours such as charismatic or supportive leadership appear to be universal, what makes someone charismatic or supportive may vary across nations. For example, when leaders fit the leadership prototype, they tend to be viewed as charismatic, but in Turkey, if they are successful but did not fit the prototype, they were still viewed as charismatic[54]. In Western and Latin cultures, people who speak in an emotional and excited manner may be viewed as charismatic. In Asian cultures such as China and Japan, speaking in a monotonous voice may be more impressive because it shows that the leader can control emotions. Similarly, how leaders build relationships or act supportively is culturally determined. In collectivist cultures such as Turkey or Mexico, a manager is expected to show personal interest in employees' lives. Visiting an employee's sick mother at the hospital may be a good way of showing concern. Such

behaviour would be viewed as intrusive or strange in the United States or the Netherlands. Instead, managers may show concern verbally or by lightening the workload of the employee[55].

There were also many leader characteristics that vary across cultures[56]. Traits such as being autonomous, conflict-avoidant, status-conscious, and ambitious were culturally dependent. For example, in France, employees do not expect their leaders to demonstrate empathy. Leaders demonstrating self-sacrifice are also viewed negatively, suggesting that servant leadership would be an improper style there. In Middle Eastern cultures such as Egypt, leaders are expected to be superior to lay people. They are supposed to have all the answers, be confident, and be authoritarian. In fact, leading like a benevolent autocrat (someone who cares about people but acts alone) may be an appropriate style[57]. Even within the same geography, researchers identified substantial cultural differences. For example, in Europe, there were five clusters of cultures. Directness in interpersonal relationships was viewed positively in Nordic cultures such as Finland, but negatively in Near Eastern cultures such as Turkey. Similarly, leaders who are autonomous were viewed positively in Germanic cultures such as Austria, but negatively in Latin European cultures such as Portugal[58]. Finally, in some cultures, good leaders are paternalistic. These leaders act like a parent to employees, give advice, care for them, and get obedience and loyalty in return[59].

Given all these differences, effective leaders should develop a sensitivity to cultural differences and adapt their style when they work in different societies or with people from different cultural backgrounds. It seems that flexibility is an important trait for global leaders.

# Classroom Activity: Keeping an Open Mind



## Keeping an Open Mind

**Learning Outcomes:** This activity demonstrates how a lack of vision and poor communication can impact the ability of students to successfully complete a task.

**Time frame:** 40 minutes (5 minutes to explain the activity, 5 minutes to hand out materials, 20 minutes activity, 10 minutes discussion)

**Group:** Class-wide activity

### Instructions:

1. Each student is given one laminated page of the book.
2. Do NOT show anyone your picture.
3. Using words alone you will describe the picture.
4. Follow the instructions that your instructor provides.

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PART VIII

# COMMUNICATION



# Module Introduction



## Module 8 Communication

Organizations cannot exist without communication, which is the transfer and understanding of a message between two or more people. In this module, you will learn about the communication process and the concept of communication channel richness. You will also consider barriers to effective communication. Examining current issues in workplace communication and learning how to investigate the impact of communication on employee behaviour will support the development of effective communication strategies within an organization.

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### Learning Objectives

1. Discuss the communication process

2. Examine different types of communication as they relate to channel richness
3. Examine barriers to effective communication and identify strategies to overcome them
4. Examine contemporary trends and issues related to communication

# The Process of Communication



## The Process of Communication

**Communication** is vital to organizations—it's how we coordinate actions and achieve goals. It is defined in Webster's dictionary as a process by which information is exchanged between individuals through a common system of symbols, signs, or behavior. Interpersonal communication allows employees at all levels of an organization to interact with others, secure desired results, request or extend assistance, and make use of and reinforce the formal design of the organization. These purposes serve not only the individuals involved but the larger goal of improving the quality of organizational effectiveness.

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# The Process of Communication

What does communication look like? When you think about communication in its simplest form, the process is quite linear. The model presented here is an oversimplification of what happens in communication, but this model will be useful in creating a diagram to be used to discuss the topic. The image below illustrates a simple communication episode where a communicator encodes a message and a receiver decodes the message.

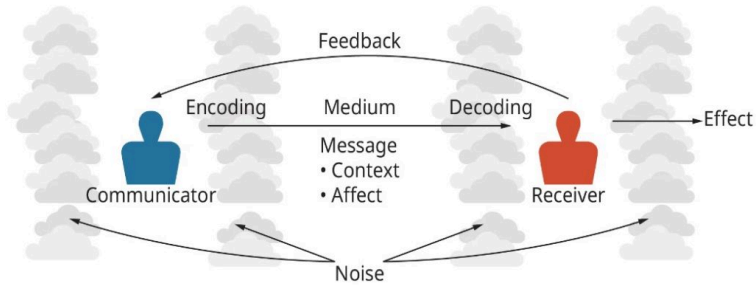


Figure: The Communication Process.

## Let's look at an example:

~ A **communicator**, such as a boss, coworker, or customer, originates the message with a thought. For example, the boss's thought could be: *"Get more printer toner cartridges!"*

~ The sender **encodes** the message, translating the idea into words.  
~ The boss may communicate this thought by saying, *"Hey you guys, let's order more printer toner cartridges."*

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

~ The **receiver** is the person who receives the message.

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

In this example, our receiver – let's call him Bill – has a to-do list a mile long. *"The boss must know how much work I already have,"* the receiver thinks. Bill's mind translates his boss's message as, *"Could you order some printer toner cartridges, in addition to everything else I asked you to do this week...if you can find the time?"* The meaning and emotion placed on the message by Bill is referred to as **noise**.

## Encoding and Decoding

Two important aspects of this model are encoding and decoding. **Encoding** is the process by which individuals initiating the communication translate their ideas into a systematic set of symbols (language), either written or spoken. Encoding is influenced by the sender's previous experiences with the topic or issue, her emotional state at the time of the message, the importance of the message, and the people involved. **Decoding** is the process by which the recipient of the message interprets it. The receiver attaches meaning to the message and tries to uncover its underlying intent. Decoding is also influenced by the receiver's previous experiences and frame of reference at the time of receiving the message.

# Feedback

Several types of feedback can occur after a message is sent from the communicator to the receiver. **Feedback** can be viewed as the last step in completing a communication episode and may take several forms, such as a verbal response, a nod of the head, a response asking for more information, or no response at all. As with the initial message, the response also involves encoding, medium, and decoding.

Three basic types of feedback occur in communication>[1]. These are informational, corrective, and reinforcing. In *informational feedback*, the receiver provides non-evaluative information to the communicator. An example is the level of inventory at the end of the month. In *corrective feedback*, the receiver responds by challenging the original message. The receiver might respond that it is not their responsibility to monitor inventory. In *reinforcing feedback*, the receiver communicated that they have clearly received the message and its intentions. For instance, the grade that you receive on a term paper (either positive or negative) is reinforcing feedback on your term paper (your original communication).

# Noise

The meaning that the receiver assigns may not be the meaning that the sender intended, because of factors such as noise. **Noise** is anything that interferes with or distorts the message being transformed. Noise can be external in the environment (such as distractions) or it can be within the receiver. For example, the receiver may be extremely nervous and unable to pay attention to the message. Noise can even occur within the sender: The sender may be unwilling to take

the time to convey an accurate message, or the words that are chosen can be ambiguous and prone to misinterpretation.

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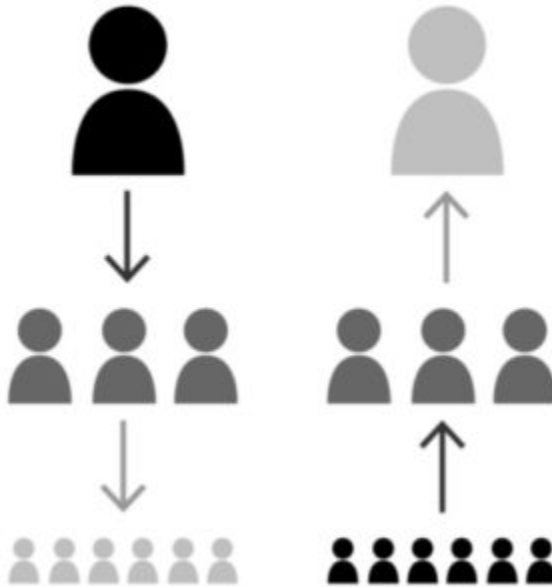
## Directions of Communication

Organizations communicate to ensure employees have the necessary information to do their jobs, feel engaged, and be productive. Communication travels within an organization in three different directions, and often the channels of communication are prescribed by the direction in which the communication is flowing. Let's take a look at the three different directions and types of communication channels used.

## Vertical Communication

Vertical communication can be broken down into two categories: downward communication and upward communication.

## *Downward Communication*



*Figure: Two types of vertical communication.*

Downward communication is from the higher-ups of the organization to employees lower in the organizational hierarchy, in a downward direction. It might be a message from the CEO and CFO to all of their subordinates, their subordinates, and so on. It might be a sticky note on your desk from your manager. Anything that travels from a higher-ranking member or group of the organization to a lower-ranking individual is considered downward organizational communication.

Downward communication might be used to communicate new organizational strategies, highlight tasks that need to be completed, or they could even be a team meeting run by the

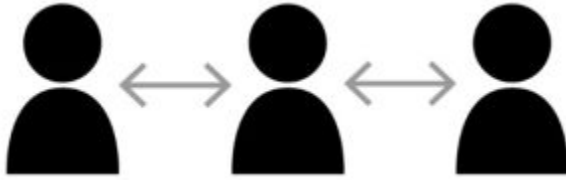
manager of that team. Appropriate channels for these kinds of communication are verbal exchanges, minutes and agendas of meetings, memos, emails, and even Intranet news stories.

## ***Upward Communication***

Upward communication flows upward from one group to another that is on a higher level on the organizational hierarchy. Often, this type of communication provides feedback to organizational leaders about current problems, or even progress on goals.

It's probably not surprising that "verbal exchanges" are less likely to be found as a common channel for this kind of communication. It's certainly fairly common between managers and their direct subordinates, but less common between a line worker and the CEO. However, communication is facilitated between the front lines and senior leadership all the time. Channels for upward communication include not only a town hall forum where employees could air grievances, but also reports of financial information, project reports, and more. This kind of communication keeps managers informed about company progress and how employees feel, and it often provides managers with ideas for improvement.

# Horizontal Communication



*Figure: Horizontal communication helps employees express information and ideas as well as coordinating the organization's work.*

When communication takes place between people at the same level of the organization, like between two departments or between two peers, it's called horizontal (or lateral) communication. Communication taking place between an organization and its vendors, suppliers, and clients can also be considered horizontal communication.

Even though vertical communication is very effective, horizontal communication is still needed and encouraged, because it saves time and can be more effective—imagine if you had to talk to your supervisor every time you wanted to check in with a coworker! Additionally, horizontal communication takes place even as vertical information is imparted: a directive from the senior team permeates through the organization, both by managers explaining the information to their subordinates and by all of those people discussing and sharing the information horizontally with their peers.

Not all organizations are set up to facilitate good horizontal communication, though. An organization with a rigid, bureaucratic structure—like a government organization—communicates everything based on the chain of command, and often horizontal communication is

discouraged. Peer sharing is limited. Conversely, an organic organization—which features a loose structure and decentralized decision-making—would leverage and encourage horizontal communication.

Horizontal communication sounds like a very desirable feature in an organization and, used correctly, it is. Departments and people need to talk between themselves, cutting out the “middle-person” of upper management in order to get things done effectively. Unfortunately, horizontal communication can also undermine the effectiveness of downward communication, particularly when employees go around or above their superiors to get things done, or if managers find out after the fact that actions have been taken or decisions have been made without their knowledge.

# Communication Channels and Channel Richness



## Communication Channels and Channel Richness

Next, we are going to discuss four types/channels of communication: verbal communication involving listening to a person to understand the meaning of a message, written communication in which a message is read, nonverbal communication involving observing a person and inferring meaning, and digital communication.

### Verbal Communication

The primary means of communication is verbal, and in most cases, it's the most effective. Examples of verbal

communication can be a speech, a one-on-one meeting, or a group discussion.

A major advantage of verbal communication is speed, as the sender of the message encodes it into words, and a receiver immediately decodes it and offers feedback. Any errors can be corrected early before mistakes are made and productivity is hindered.

A primary disadvantage of verbal communication comes into play whenever the message has to be passed through many people. Did you ever play the game “telephone” with your friends as a child? If you did, you’ll remember that one player starts a message as a whisper at one end, and by the time it reached the other it was often changed, sometimes in a funny way. All laughs aside, that’s a real phenomenon and a real issue in organizations. When messages are verbally passed from person to person, there’s a potential for that message to become distorted.

## Written Communication

Written communication includes newsletters, memos, emails, instant messaging, and anything that you type or write. They’re verifiable forms of communication, existing beyond the moment of transmission and something receivers can refer back to for clarification.

The primary advantage of written communications is exactly that—they are written. They exist beyond the moment of transmission and can be used as a reference later. Due to their ability to easily be referenced, written communications are particularly good for lengthy, complex communications. Additionally, the process of creating a written communication often requires that the sender be more thorough in his or her communication because there is often enough time to revise

and review what's been written and to be more careful about the information being transmitted.

A disadvantage of written communication is the lack of feedback. Oral communication allows a receiver to respond instantly to the sender with feedback. Written communication doesn't have a built-in feedback mechanism, and because of that feedback can arrive too late for appropriate action. Another disadvantage of written communication is that it's time-consuming. Due to the lack of immediate feedback, it's often a good idea to be more thorough in your written communications, which inevitably takes more time to consider how your words might be unclear and preemptively write in additional context. If a message needs to be communicated quickly, written communication isn't always the best solution.

## Nonverbal Communication

It's not just what you say, it's how you say it! There's a myth that says communication is 35% verbal and 65% nonverbal. If that were true, people speaking a foreign language would be much easier to understand. However, it's very true that nonverbal communication adds additional meaning to in-person conversations. Nonverbal communication includes all of those things that aren't spoken but definitely transmit part of the message, including the following:

- facial expressions
- gestures
- proximity to receiver
- touch
- eye contact
- appearance

For instance, your friend may be telling you that she's really

excited about a party she's planning to attend. But if she appears apathetic and listless, the communication doesn't come across quite the same. Senders who stand too close to a receiver send a different message than those who keep a socially acceptable distance. Senders who make eye contact appear to be more confident than those who avoid it. And finally, a sender's general appearance—choice of dress, hygiene, choice of delivery method, etc.—can also send a message that either supports or detracts from the verbal message.

## Digital Communication

Digital communication is the exchange of information and meaning using an electronic, digital medium. While understanding how to best use digital communication is important, as one would be hard-pressed to find an organization that does not use some sort of digital communication – it is also important to recognize that digital communication brings with it some challenges.

**Instant messaging** has become a standard means of communication in many businesses. While it provides users with an immediate communication method, the casual nature of instant messaging can lead to a lack of professionalism in communication.

**Video meetings**, facilitated by software such as Zoom, Microsoft Teams, and Google Meet, have become a primary method of communication in businesses, especially in the context of remote work. This form of communication provides geographical flexibility and collaboration, enabling individuals to connect virtually around the world. It can also lead to Zoom Fatigue, a term coined to describe the tiredness or burnout associated with the overuse of virtual communication tools. Continuous virtual meetings can be mentally exhausting.

In the current digital age, **social media** has become an important channel for businesses to communicate, both internally and externally. Social media provides businesses with a platform to reach a vast, global audience – allowing for direct communication with customers and potential clients. It can, however, also require a high level of monitoring and response, especially since negative comments or reviews can quickly spread on social media and potentially damage a brand's reputation. Watch this video, [Former FBI Agent Explains How to Read Body Language](#), for an interesting discussion on this topic.

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## Channel Richness

Employees have more communication channels to choose from than ever before, ranging from physical and digital forms of face-to-face interaction to a multitude of ways to transmit written messages. So, which communication channel is most appropriate in a particular situation? The channel used to communicate a message can affect how accurately the message will be received. Consider the chart below:

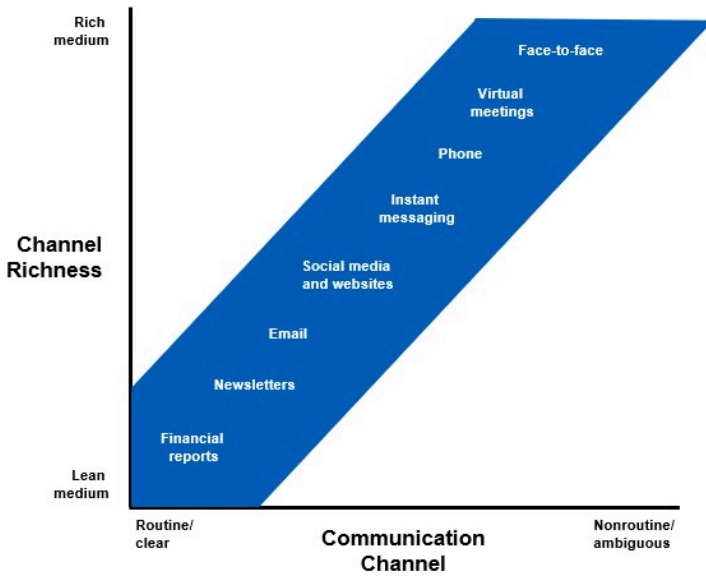


Figure: Channels vary in their “information-richness”. Information-rich channels convey more nonverbal information.

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

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

Like face-to-face and phone conversations,

videoconferencing has high information richness, because receivers and senders can see or hear beyond just the words that are used—they can see the sender’s body language or hear the tone of their voice. Instant messaging, social media, websites, and company newsletters offer medium-rich channels because they convey words and pictures or photos. Formal written documents, such as legal documents and financial statements, convey the least richness because the format is often rigid and standardized. As a result, the tone of the message is often lost.

## Consider the following...

Communication can occur without you even realizing it. Consider the following:

*Is your e-mail name professional?* The typical convention for business e-mail contains some form of your name. While an e-mail name like “LazyGirl” or “DeathMonkey” may be fine for chatting online with your friends, they may send the wrong signal to individuals you e-mail such as professors and prospective employers.

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

*Have you set your social media accounts to*

*private?* Consider what posts might be public and could be seen by potential employers.

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

# Barriers to Effective Communication



## Barriers to Effective Communication

***The biggest single problem in communication is the illusion that it has taken place.***

*– George Bernard Shaw*

Regardless of whether individuals are using face-to-face or digital channels of communication, there are various issues that might hinder the fundamentals of the communication process. Let's explore some potential barriers to effective communication.

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# Filtering

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

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

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

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

1. **Past experience:** Were previous senders rewarded for passing along news of this kind in the past, or were they criticized?
2. **Knowledge and perception of the speaker:** Has the receiver's direct superior made it clear that "no news is good news?"
3. **Emotional state, involvement with the topic, and level of**

**attention:** Does the sender's fear of failure or criticism prevent the message from being conveyed? Is the topic within the sender's realm of expertise, increasing confidence in the ability to decode the message, or is the sender out of a personal comfort zone when it comes to evaluating the message's significance? Are personal concerns impacting the sender's ability to judge the message's value?

Once again, filtering can lead to miscommunications in business. Listeners translate messages into their own words, each creating a unique version of what was said [2].

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## Selective Perception

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



Think back to the example conversation between the person who was asked to order more toner cartridges and his boss earlier in this section. Since Bill found the to-do list from his boss to be

unreasonably demanding, he assumed the request could wait. (How else could he do everything else on the list?) The boss, assuming that Bill had heard the urgency of her request, assumed that Bill would place the order before returning to previously stated tasks. Both members of this organization were using selective perception to evaluate the communication. Bill's perception was that the task could wait. The boss's perception was that a time frame was clear, though unstated. When two selective perceptions collide, a misunderstanding occurs.

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## Information Overload

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

Add these together and it's easy to see how we may be receiving more information than we can take in. This state of imbalance is known as **information overload**, which occurs when the volume of information received exceeds the person's capacity to process it [3]. Others note that information overload is a symptom of the high-tech age, which is too much information for one human being to absorb in an expanding world of people and technology. Other research shows that working in such a fragmented fashion significantly impacts efficiency, creativity, and mental acuity[4].

Going back to our example of Bill, let's say he's in his office on the phone with a supplier. While he's talking, he hears the chime of his e-mail alerting him to an important message from

his boss. He's scanning through it quickly while still on the phone when a coworker pokes her head into his office saying Bill's late for a staff meeting. The supplier on the other end of the phone line has just given him a choice among the products and delivery dates he requested. Bill realizes he missed hearing the first two options, but he doesn't have time to ask the supplier to repeat them all or to try reconnecting with him at a later time. He chooses the third option—at least he heard that one, he reasons, and it seemed fair. How good was Bill's decision amidst all the information he was processing at the same time?

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## Emotional Disconnects

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

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## Workplace Gossip

The informal gossip network known as the **grapevine** is a lifeline for many employees seeking information about their company. While it is agreed that the grapevine is an inevitable

part of organizational life, research finds that 70% of all organizational communication occurs at the grapevine level[5].



Employees trust their peers as a source of information, but the grapevine's informal structure can be a barrier to effective communication from the managerial point of view. Its grassroots structure gives it greater credibility in the minds of employees than information delivered through official channels, even when that information is false. Some downsides of the office grapevine are that gossip offers politically minded insiders a powerful

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

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## Jargon

**Jargon** – specialized words and phrases for specific

occupations or groups – potentially improves communication efficiency. However, it can also be a source of communication noise when transmitted to people who do not possess the jargon code book.

For example, at IBM, GBS is focusing on BPTS, using expertise acquired from the PwC purchase (which had to be sold to avoid conflicts of interest in light of SOX) to fend off other BPO providers and inroads by the Bangalore tiger. Does this make sense to you? If not, here's the translation: IBM's Global Business Services (GBS) division is focusing on offering companies Business Process Transformation Services (BPTS), using the expertise it acquired from purchasing the management consulting and technology services arm of PricewaterhouseCoopers (PwC), which had to sell the division due to the Sarbanes-Oxley Act (SOX; enacted in response to the major accounting scandals such as Enron). The added management expertise puts it above business process outsourcing (BPO) vendors who focus more on automating processes rather than transforming and improving them. Chief among these BPO competitors is Wipro, often called the "Bangalore tiger" because of its geographic origin and aggressive growth. Given the number of messages we send and receive every day, it makes sense that humans would try to find a shortcut—a way to communicate things in code. In business, this code is known as jargon. Jargon is the language of specialized terms used by a group or profession. It is common shorthand among experts and if used sensibly can be a quick and efficient way of communicating. Most jargon consists of unfamiliar terms, abstract words, nonexistent words, acronyms, and abbreviations, with an occasional euphemism thrown in for good measure. Every profession, trade, and organization has its own specialized terms[6].

At first glance, jargon sounds like a good thing—a quicker way to send effective communication similar to the way text message abbreviations can send common messages in a

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

# Improving Interpersonal Communication



## Improving Interpersonal

## Communication

Effective interpersonal communication is a crucial component in both personal and professional life. It forms the foundation for strong relationships, effective decision-making, and efficient problem-solving. However, as we have seen, many individuals struggle to communicate effectively with others, leading to miscommunication, conflict, and reduced productivity. This underlines the critical need for improved interpersonal communication skills. Let's explore active listening and effective feedback as two important methods of enhancing communication.

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## Active Listening

**Active listening** is the process by which the listener assumes a conscious and dynamic role in the communication process

through behavior and action. It can create a more dynamic relationship between a receiver and a sender. It strengthens personal investment in the information being shared. It also forges healthy working relationships among colleagues by making speakers and listeners equally valued members of the communication process. Consider utilizing the following to help improve your active listening skills:

Active listening looks like this:



**Pay close attention** – Not only should you be paying close attention to the information that is being shared, but also pay attention to the nonverbal cues of the sender.



**Give good nonverbal cues** – Your nonverbal cues have the ability to influence whether or not the communication continues. Be sure to make eye contact with the speaker, and consider mirroring the sender's body language during face-to-face conversations.



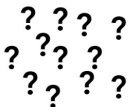
**Paraphrase** – When the sender pauses, summarize what you believe has been said. “What I’m hearing is that we need to focus on marketing as well as sales. Is that correct?”



**Respect others' feelings and opinions** – While it is not necessary to always agree with others, consider how you can find common ground and show respect for their feelings and opinions.



**Minimize distractions** – Listening is a full-time job. It's tempting to multitask when you and the sender are in different places, but doing that is counterproductive. The human mind can only focus on one thing at a time. Listening with only part of your brain increases the chances that you'll have questions later, ultimately requiring more of the speaker's time.



**Ask open-ended questions** – Open-ended questions can encourage further conversation that often leads to a better understanding of the initial message being sent. They often start with 'what' or 'how'.

### Active listening looks like this:



**Ask clarifying questions** – There's nothing wrong with admitting you haven't understood the sender's point. You may even help the sender clarify the message.



**Summarize** – Summarizing the message for the sender provides an opportunity to clear up any misunderstandings or confusion. Consider sending a written summary of key tasks after one-on-one conversations or team meetings.

Watch this video on YouTube, [Body Language Expert Explains how to Show Confidence](#), to learn more about how body language and nonverbal communication impact interpersonal communication.

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## Effective Feedback

Communication must be restated and reinforced to ensure no noise is seeping into the message. For instance, if managers set goals for employees, they should be prepared to give that employee feedback on their progress, keeping them on course to reach the finish line.

Positive feedback is always good to share, and negative feedback is a little harder. Both need to be offered if employees are expected to change behaviors. Effective feedback should:

- Be fact-based and timely
- Focus on specific behaviors that are clearly documented, rather than vague statements about personalities or

attitudes

- Be job related and professional
- Address behaviors under the control of the person receiving the feedback

The sender should also ensure that the receiver has fully understood the feedback.

# Workplace Communications Trends



## Workplace Communication Trends

Workplace communication has experienced significant changes and trends over the past years, driven by technological advancements, the evolving nature of work, and a new generation entering the workforce. Since trends are continually evolving, businesses should stay updated with the latest trends to ensure their communication strategies remain effective and relevant. With that in mind, let's explore some of the current trends.

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# Remote and Hybrid Work

The COVID-19 pandemic triggered a massive shift towards remote work, and it is likely that many organizations will continue to support remote or hybrid work models. This means communication tools that support these modes of work, such as virtual meetings and collaboration platforms, will continue to be essential. The use of email, instant messaging, project management software, and video conferencing platforms have become the primary means for interaction between colleagues.



Remote and hybrid work models have allowed for flexible work schedules, necessitating asynchronous communication methods. This means teams need to communicate clearly and

effectively without always being online at the same time. As mentioned earlier in this module, reduced face-to-face interaction can lead to the loss of nonverbal cues. In the absence of in-person cues, there can be a tendency to over-communicate to compensate, leading to an overwhelming amount of messages and meetings, also known as “Zoom fatigue”.

While the flexibility of remote work provides individuals with an opportunity for work-life balance, it also has the potential to blur the boundaries between work and personal life, making it more challenging to ‘switch off’ from work. The province of Ontario was the first province in Canada to introduce the “Right to Disconnect’ Act in 2022. To learn more about this Act, watch the video, [Ontario is the first Province to Pass ‘Right to Disconnect’ Law](#), produced by CBC News.

Remote and hybrid work models also enable companies to hire talent from different regions or countries. This can lead to more culturally diverse teams, requiring awareness of and respect for different communication styles. Language differences can be a significant source of noise in the communication process. Nonverbal communication can also lead to misunderstanding across cultures. When working with diverse groups of individuals, it is important to understand the impact of nonverbal communication. For example, most Canadians maintain eye contact with the speaker to show interest and respect, whereas most Indigenous peoples in Canada learn at an early age to show respect by looking down when an older or more senior person is talking to them.

Finally, remote and hybrid work models can lead to a reduction in the informal communication that naturally occurs in an office environment. Consider those one-off chats that occur by the coffee machine, or in passing on your way back from lunch. The lack of these informal chats can pose challenges to relationship building, team cohesion, and may sometimes lead to miscommunication.

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## The Use of Collaborative Tools

Tools like Slack, Microsoft Teams, or Asana enhance real-time collaboration by allowing team members to share files, discuss projects, and manage tasks in one centralized platform. This can lead to better coordination, quicker problem-solving, and improved workflow efficiency. These tools are fundamental for supporting remote and hybrid work models. They enable teams spread across different locations to work together as if they were in the same office.



Collaborative tools help reduce reliance on email by providing alternative communication channels. Instead of long email threads, team members can have quick, focused discussions in

chat channels. Instant messaging and the ability to tag team members are components of these tools that make communication faster and more efficient.

With that being said, the constant flow of messages and notifications can be overwhelming and disruptive, potentially leading to decreased productivity and increased stress.

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## The Integration of AI and Automation

Artificial Intelligence (AI) and automation technologies have been transforming the way we communicate in the workplace. Their impacts range from streamlining processes to enhancing decision-making capabilities.

AI-driven automated responses and chatbots can handle common queries from both customers and employees, speeding up service times and allowing human staff to focus on more complex tasks. Chatbots can provide instant responses to FAQs, help schedule meetings, or direct users to relevant resources. AI tools can also automate the process of scheduling meetings, considering participants' time zones and preferences, which can significantly reduce back-and-forth communication.

Further, AI can analyze communication data to identify

patterns, sentiments, or key topics, which can help guide decision-making, improve communication strategies, or even identify employee engagement issues. This however leads to some new challenges. For example, the use of AI can raise concerns about employee privacy, especially when used to analyze internal communications or track employee activities.

It's also important to note that while AI has come a long way, it can still misunderstand or misinterpret human language, leading to potential miscommunication.

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## Inclusivity in Communication

Inclusivity in communication is becoming increasingly important in modern workplaces. It fosters a culture where every employee, regardless of their background or identity, feels respected, heard, and valued. Inclusive communication values and encourages diverse perspectives, which can lead to richer discussions, more creative ideas, and better decision-making. Further, when employees feel included, they are likely to be more engaged and committed. They feel safe to voice their opinions, ask questions, and share their ideas, which can enhance productivity and innovation.



Inclusive communication involves being mindful of different cultural communication styles and norms. This is especially important in global or diverse organizations, where misunderstandings can arise due to cultural differences. It also aims to reduce bias, both in terms of the language used and

whose voices are heard. This means avoiding discriminatory or offensive language and ensuring everyone has an opportunity to contribute to discussions.

Inclusivity in communication requires training and awareness to understand different communication styles, cultures, and biases. This can take time and resources.

# Classroom Activity: Communicating Effectively



## Communicating Effectively

**Purpose:** We have all had experiences with organizations, sports teams, friends, etc. that have gone well and others that have not. The purpose of this activity is to examine both positive and negative experiences we have had using course related concepts.

**Time frame:** 20 minutes

**Group Size:** 3 – 4 students

### Instructions:

1. Have each member of the group think and describe a situation/time when they experienced good communication. What made the experience a positive

- one? Examine the experiences using communication related concepts from the course.
2. Have each member of the group think about and describe a situation/time when they experienced poor communication. What made the experience a negative one? Examine the experiences using communication related concepts from the course.
  3. Discuss how these interactions influenced and impacted each of your thoughts, feelings and experiences within the organization, sport team, group. How did these communication experiences impact the culture of the organization?
  4. How did the reactions, responses of the sender/receiver impact your understanding of the message that we being sent?

# Classroom Activity: Communication Scenarios



## Communication Scenarios

**Purpose:** Communication is central to the activities that organizations engage in on a day-to-day basis. The purpose of this activity is designed to highlight poor examples of communication and to examine the impact that this would have on the organization.

**Time frame:** 20 minutes

**Group size:** 2 – 3 students

### Instructions:

1. Identify the issues in each of the following scenarios.
2. Examine what barriers to communication are represented in each scenario.

3. Re-write each scenario to make them more effective.
  4. Be prepared to discuss the scenarios as a class.
- 

### **Scenario #1: AI Email**

Subject: Artificial Intelligence Thing

Dear All,

I wanted 2 talk about the AI thingy we have at our organization. It's like super cool and stuff, but idk if it's even working properly? Can someone like check it? Also, we need to use AI 4 all our stuff, it's the trend rn, so make sure 2 incorporate it in evrythng.

Thx, Manager

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### **Scenario #2: Home office memo**

Hello Everyone,

We are probably going to change our procedure on this policy depending on what we might implement to improve this situation. If time permits, we will send out what the boss wants us to do to find a new procedure on the changes that will be made. There will be several alternatives that we possibly can take. We will try to send out some kind of a communication on the new procedures hopefully in the next week or so. This probably will be part of our new procedures that we could possibly give to many of our bigger customers. If someone doesn't receive a copy they should contact us. Everyone needs to be aware that we need to first get approval from the main office before we can finalize any of these changes. We don't know at this time how long this process will take because of the number of signatures that are required to make these changes official. We will let you know as soon as we get any indication

of the direction that the top of the house wants to do or when these changes are approved.

**Scenario #2 source:** Garber, P. G. (2008). 50  
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## Module 8 References

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PART IX

# ORGANIZATIONAL CHANGE



# Module Introduction



## Module 9 Organizational Change

In this module, you will examine the impact of change on organizations.

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### Learning Objectives

1. Discuss the reasons for organizational change
2. Recognize the types and scope of change
3. Examine sources of resistance to change
4. Analyze strategies for overcoming resistance to change

# Why Do Organizations Change?



## Why Do Organizations Change?

Organizational change is the movement of an organization from one state of affairs to another. Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced upon an organization because of a shift in the environment. Organizational change can be radical and alter the way an organization operates, or it may be incremental and slowly change the way things are done. In any case, regardless of the type, change involves letting go of the old ways in which work is done and adjusting to the new ways. Therefore, fundamentally, it is a process that involves effective people management.

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# Workforce Demographics



Organizational change is often a response to changes in the environment. For example, both the United States Department of Labor and Organization for Economic Co-operation and Development (OECD)

estimates that the age of the workforce is on the rise[1]. What does this mean for companies? Organizations may realize that as the workforce gets older the types of benefits they prefer may change. Work arrangements such as flexible work hours and job sharing may become more popular as employees remain in the workforce even after retirement.

As the workforce rapidly ages, it also becomes possible that employees who are unhappy with their current work situation will choose to retire, resulting in a sudden loss of valuable knowledge and expertise on the part of organizations. Therefore, organizations will have to devise strategies to retain these employees and plan for their retirement. Finally, a critical issue is finding ways of dealing with age-related stereotypes, which act as barriers to the retention of these employees.

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## Technology

Sometimes change is motivated by rapid developments in technology. Moore's law (a prediction by Gordon Moore, co-founder of Intel Corporation) dictates that the overall complexity of computer circuits will double every 18 months

with no increase in cost[2]. Such change is motivating corporations to rapidly change their technology. Sometimes technology produces such profound developments that companies struggle to adapt. A recent example is from the music industry. When CDs were first introduced in the 1980s, they were substantially more appealing than the traditional LPs. Record companies were easily able to double the prices, even though producing CDs cost a fraction of what it cost to produce LPs. For decades, record-producing companies benefited from this status quo. Yet when peer-to-peer file sharing through software such as Napster and Kazaa threatened the core of their business, companies in the music industry found themselves completely unprepared for such disruptive technological changes. Their first response was to sue the users of file-sharing software, sometimes even underage kids. They also kept looking for a technology that would make it impossible to copy a CD or DVD, which has yet to emerge. Until Apple Inc.'s iTunes came up with a new way to sell music online, it was doubtful that consumers would ever be willing to pay for music that was otherwise available for free (albeit illegally so). Only time will tell if the industry will be able to adapt itself to the changes forced upon it[3].

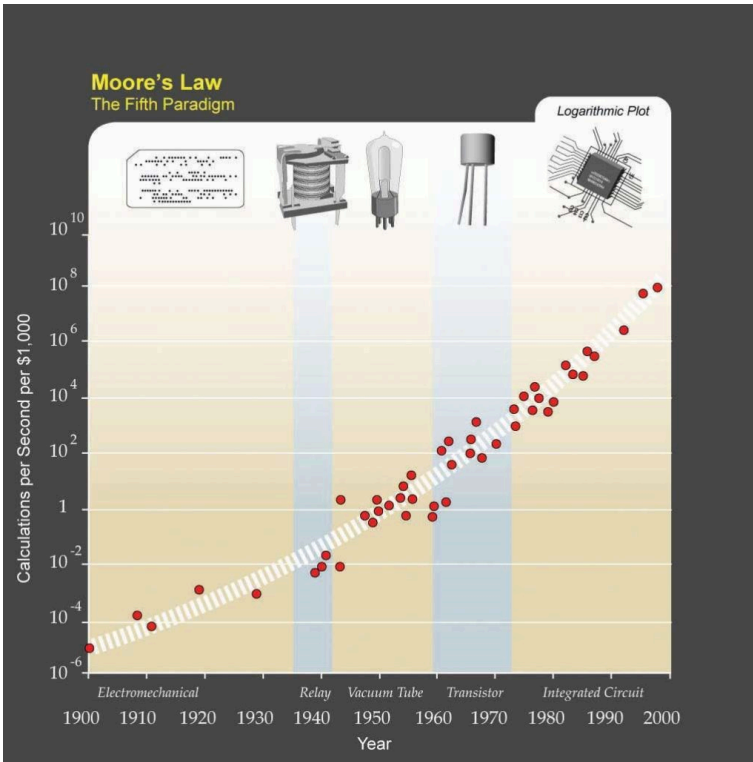


Figure: Moore's Law

## Globalization

Globalization is another threat and opportunity for organizations, depending on their ability to adapt to it. Organizations are finding that it is often cheaper to produce goods and deliver services in some countries compared to

others. This led many companies to utilize manufacturing facilities overseas, with China as a popular destination. For a while, knowledge work was thought to be safe from outsourcing, but now we are also seeing many service operations moved to places with cheaper wages. For example, many companies have outsourced software development to India, with Indian companies such as Wipro Ltd. and Infosys Technologies Ltd. emerging as global giants. Given these changes, understanding how to manage a global workforce is a necessity. Many companies realize that outsourcing forces them to operate in an institutional environment that is radically different from what they are used to at home. Dealing with employee stress resulting from jobs being moved overseas, retraining the workforce, and learning to compete with a global workforce on a global scale are changes companies are trying to come to grips with.

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## Market Conditions

Changes in market conditions may also create changes as companies struggle to adjust. For example, as of this writing, the airline industry in the United States is undergoing serious changes. Demand for air travel was affected after the September 11 terrorist attacks. Also, the widespread use of the Internet to book plane travel made it possible to compare airline prices much more efficiently and easily, encouraging airlines to compete primarily based on cost. This strategy seems to have backfired when coupled with the dramatic increases in the cost of fuel. As a result, airlines are cutting back on amenities that were taken for granted for decades, such as the price of a ticket including meals, beverages, and checking luggage. Some airlines, such as Delta Air Lines Inc.

and Northwest Airlines Inc., have merged to deal with this climate, and talks involving other mergers in this industry continue.

How does a change in the environment create change within an organization? Note that environmental change does not automatically change how business is done. Whether or not the organization changes in response to environmental challenges and threats depends on the decision-maker's reactions to what is happening in the environment.

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## Organizational Growth



It is natural for once small start-up companies to grow if they are successful. An example of this growth is the evolution of the Widmer Brothers Brewing Company, which started as two brothers brewing beer in their garage to become the

11th largest brewery in the United States. This growth happened over time as the popularity of their key product—Hefeweizen—grew in popularity; the company had to expand to meet demand, growing from the 2 founders to 400 employees in 2008 after Widmer Brothers merged with Redhook Ale Brewery to become Craft Brewers Alliance Inc.

The newly formed company has five main departments, including Operations, Sales, Marketing, Finance, and Retail, which report to the CEO. Anheuser-Busch Companies Inc. continues to have a minority stake in both beer companies. So, while 50% of all new small businesses fail in their first year[4],

those that succeed often evolve into large, complex organizations over time.

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## Poor Performance

Change is more likely to happen if the company is performing poorly and if there is a perceived threat from the environment. In fact, poorly performing companies often find it easier to change compared to successful companies. Why? High performance actually leads to overconfidence and inertia. As a result, successful companies often keep doing what made them a success in the first place. When it comes to the relationship between company performance and organizational change, the saying “nothing fails like success” may be fitting. For example, Polaroid Corporation was the number one producer of instant films and cameras in 1994. The company filed for bankruptcy in less than a decade, unable to adapt to the rapid advances in the 1-hour photo development and digital photography technologies. Successful companies that manage to change have special practices in place to keep the organization open to changes. As a case in point, Nokia finds that it is important to periodically change the perspective of key decision-makers. For this purpose, they rotate heads of businesses to different posts to give them a fresh perspective. In addition to the success of a business, change in a company’s upper-level management is a motivator for change at the organizational level. Research shows that long-tenured CEOs are unlikely to change their formula for success. Instead, new CEOs and new top management teams create change in a company’s culture and structure[5].

# Dimensions of Change



## Dimensions of Change

When considering how to assess the need for change in an organization, it can be helpful to think of three dimensions: the scope of change, the level of change, and the intentionality of change.

The first, the **scope of change** refers to the degree to which the required change will disrupt current patterns and routines. **Incremental change** refers to small refinements in current organizational practices or routines that do not challenge, but rather build on or improve, existing aspects and practices within the organization. Common incremental change practices are LEAN and Six Sigma, which are used to find relatively small changes that can generate greater efficiencies in a process. An organization can improve its product-line efficiencies by identifying small discrepancies in process, then fixing them in a systematic way. Incremental change does not typically challenge people to be at the edge of their comfort zone[6].

In contrast, **transformational change** refers to significant

shifts in an organizational system that may cause significant disruption to some underlying aspect of the organization, its processes, or structures. Transformational change can be invigorating for some employees, but also highly disruptive and stressful for others. Examples of transformational change include large systems changes and organizational restructuring. Cultural change often requires a transformational change to be successful[7].

Finally, a **strategic change** is a change, either incremental or transformational, that helps align an organization's operations with its strategic mission and objectives. This kind of change is necessary for an organization to achieve the focus it needs to make needed transfer missions and work it does feel to stay competitive in the current or larger organization, larger market environment, or societal environment.

The **level of change** refers to the breadth of the systems that need to be changed within an organization. **Individual-level change** focuses on how to help employees to improve some active aspect of their performance or the knowledge they need to continue to contribute to the organization in an effective manner. Individual-level change programs include leadership development, training, and performance management. **Group-level change** centers on the relationships between people and usually focuses on helping people to work more effectively together. Team development, or team building, is one of the most common forms of a team change process. **Organization-level change** is a change that affects an entire organizational system or several of its units. Strategic planning and implementation is perhaps the most common type of organization-level change. Higher-level change programs usually require changes at lower levels—an organization-level change may require change at both team and individual levels as well.

**Intentionality** is the final dimension of change and refers to the degree to which the change is intentionally designed or

purposefully implemented. **Planned change** is an intentional activity or set of intentional activities that are designed to create movement toward a specific goal or end. Planned change processes often involve large groups of people and step-by-step or phase-by-phase activities that unfold over a period of time. Usually, effective leaders identify clear objectives for the change, the specific activities that will achieve those objectives, and the indicators of success.

In contrast, **unplanned change** is unintentional and is usually the result of informal organizing. It may or may not serve the aims of the organization as a whole. Unplanned change may be completely spontaneous, occurring simply because employees in some part of an organization want to initiate change. But sometimes it occurs as a byproduct of a planned change process. This is because it is difficult for leaders to anticipate all the consequences of a planned change effort. Employees react in unpredictable ways, technologies don't work as expected, changes in the marketplace don't happen as expected, or other actors may react in unanticipated ways.

As we will discuss, some change models are designed to take advantage of the potential for spontaneous organizing among employees. Unplanned change can be harnessed as a positive force when employees are invited to be proactive about working toward common organizational goals.

# Classroom Activity: Tweet Tweet?



## Tweet Tweet?

**Purpose:** Twitter (X) has undergone a lot of change since Elon Musk purchased the social media platform. Some of the changes could be viewed as relatively minor while other changes could be described as more significant. Using course related terms and concepts, this activity is designed to apply course concepts to the changes that Twitter (X) has undertaken over the past few years.

**Time frame:** Approximately 45 minutes (30 minutes group research, 15 minutes class discussion)

**Group Size:** Groups of 3 – 4

### Instructions:

1. Using the company website and/or popular press sources:
  1. Why did Twitter (X) make changes?

2. List the changes that Twitter (X) has initiated
2. Using the list, categorize the type of change that is being described (I.e., workforce demographics, technology, etc.)
3. Using course concepts related to the dimensions of change, identify what dimension of change Twitter (X) is demonstrating. Use examples to support your position
4. What reactions have there been to the changes made at Twitter (X) based on:
  1. Employee reactions?
  2. Industry/market reactions?
  3. Customer reactions?
  4. Your personal reaction?
5. Categorize these reactions to change on the resistance to change continuum provided in the readings.
6. If you were CEO of Twitter (X), how would you overcome any resistance to the changes? What stakeholder groups would be the focus for your communications? Why or why not?

# Resistance to Change



## Resistance to Change

Changing an organization is often essential for a company to remain competitive. Failure to change may influence the ability of a company to survive. Yet, employees do not always welcome changes in methods. According to a 2007 survey conducted by the Society for Human Resource Management (SHRM), resistance to change is one of the top two reasons why change efforts fail. In fact, reactions to organizational change may range from resistance to compliance to being an enthusiastic supporter of the change, with the latter being the exception rather than the norm[8].

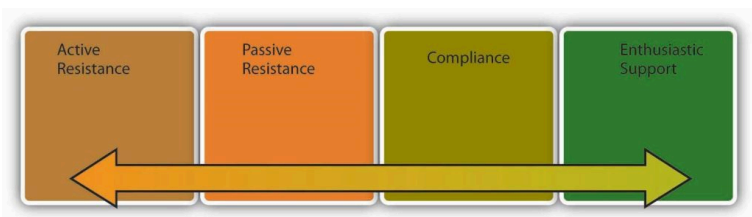


Figure: Reactions to Change

Active resistance is the most negative reaction to a proposed change attempt. Those who engage in active resistance may sabotage the change effort and be outspoken objectors to the new procedures. In contrast, passive resistance involves being disturbed by changes without necessarily voicing these opinions. Instead, passive resisters may quietly dislike the change, feel stressed and unhappy, and even look for an alternative job without necessarily bringing their point to the attention of decision-makers. Compliance, on the other hand, involves going along with proposed changes with little enthusiasm. Finally, those who show enthusiastic support are defenders of the new way and actually encourage others around them to give support to the change effort as well.

Any change attempt will have to overcome the resistance on the part of people to be successful. Otherwise, the result will be a loss of time and energy as well as an inability on the part of the organization to adapt to the changes in the environment and make its operations more efficient. Resistance to change also has negative consequences for the people in question. Research shows that when people negatively react to organizational change, they experience negative emotions, use sick time more often, and are more likely to voluntarily leave the company[9].

The following is a dramatic example of how resistance to change may prevent improving the status quo. Have you ever wondered why the letters on keyboards are laid out the way they are? The QWERTY keyboard, named after the first six letters in the top row, was actually engineered to slow us down. The first prototypes of the typewriter keyboard would jam if the keys right next to each other were hit at the same time. Therefore, it was important for manufacturers to slow typers down. They achieved this by putting the most commonly used letters to the left-hand side and scattering the most frequently used letters all over the keyboard. Later, the issue of letters being stuck was resolved. In fact, an alternative to the QWERTY

named the Dvorak keyboard provides a much more efficient design and allows individuals to double traditional typing speeds. Yet the shift never occurred. The reasons? Large numbers of people resisted the change. Teachers and typists resisted because they would lose their specialized knowledge. Manufacturers resisted because of the costs inherent in making the switch and the initial inefficiencies in the learning curve[10]. In short, the best idea does not necessarily win, and changing people requires understanding why they resist.



Figure: The Dvorak Keyboard

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## Why Do People Resist Change?

### Disrupted Habits

People often resist change for the simple reason that change disrupts our habits. Do you think about how you are driving when you drive? Most of the time probably not, because driving generally becomes an automated activity after a while.

You may sometimes even realize that you have reached your destination without noticing the roads you used or having consciously thought about any of your body movements. Now imagine you drive for a living, and even though you are used to driving an automatic car, you are now forced to use a stick shift. You can most likely figure out how to drive a stick, but it will take time, and until you figure it out, you cannot drive on autopilot. You will have to reconfigure your body movements and practice shifting until you become good at it. You may find that for this simple reason, people sometimes are surprisingly outspoken when confronted with simple changes such as updating to a newer version of a particular software or a change in their voice mail system.

## **Personality**

Some people are more resistant to change than others. Research shows that people who have a positive self-concept are better at coping with change, probably because those who have high self-esteem may feel that whatever the changes are, they are likely to adjust to it well and be successful in the new system. People with a more positive self-concept and those who are more optimistic may also view change as an opportunity to shine as opposed to a threat that is overwhelming. Finally, risk tolerance is another predictor of how resistant someone will be to stress. For people who are risk-avoidant, the possibility of a change in technology or structure may be more threatening[1].

## **Feelings of Uncertainty**

Change inevitably brings feelings of uncertainty. You have just

heard that your company is merging with another. What would be your reaction? Such change is often turbulent, and it is often unclear what is going to happen to each individual. Some positions may be eliminated. Some people may see a change in their job duties. Things can get better—or they may get worse. The feeling that the future is unclear is enough to create stress for people because it leads to a sense of lost control[12].

## Fear of Failure



People also resist change when they feel that their performance may be affected by the new system. People who are experts in their jobs may be less than welcoming of the changes, because they may be unsure

whether their success would last under the new system. Studies show that people who feel that they can perform well under the new system are more likely to be committed to the proposed change, while those who have lower confidence in their ability to perform after changes are less committed[13].

## Personal Impact of Change

It would be too simplistic to argue that people resist all change, regardless of its form. In fact, people tend to be more welcoming of change that is favorable to them on a personal level (such as giving them more power over others, or change that improves the quality of life such as bigger and nicer offices). Research also shows that commitment to change is

highest when proposed changes affect the work unit with a low impact on how individual jobs are performed[14].

## **Prevalence of Change**

Any change effort should be considered within the context of all the other changes that are introduced in a company. Does the company have a history of making short-lived changes? If the company structure went from functional to product-based to geographic to matrix within the past 5 years, and the top management is in the process of going back to a functional structure again, a certain level of resistance is to be expected because people are likely to be fatigued as a result of the constant changes. Moreover, the lack of a history of successful changes may cause people to feel skeptical toward the newly planned changes. Therefore, considering the history of changes in the company is important to understand why people resist. Also, how big is the planned change? If the company is considering a simple switch to a new computer program, such as introducing Microsoft Access for database management, the change may not be as extensive or stressful compared to a switch to an enterprise resource planning (ERP) system such as SAP or PeopleSoft, which require a significant time commitment and can fundamentally affect how business is conducted[15].

## **Perceived Loss of Power**

One other reason why people may resist change is that change may affect their power and influence in the organization. Imagine that your company moved to a more team-based structure, turning supervisors into team leaders. In the old

structure, supervisors were in charge of hiring and firing all those reporting to them. Under the new system, this power is given to the team itself. Instead of monitoring the progress the team is making toward goals, the job of a team leader is to provide support and mentoring to the team in general and ensure that the team has access to all resources to be effective. Given the loss in prestige and status in the new structure, some supervisors may resist the proposed changes even if it is better for the organization to operate around teams.

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## Is All Resistance Bad?

Resistance to change may be a positive force in some instances. In fact, resistance to change is a valuable feedback tool that should not be ignored. Why are people resisting the proposed changes? Do they feel that the new system will not work? If so, why not? By listening to people and incorporating their suggestions into the change effort, it is possible to make a more effective change. Some of a company's most committed employees may be the most vocal opponents of a change effort. They may fear that the organization they feel such a strong attachment to is being threatened by the planned change effort and the change will ultimately hurt the company. In contrast, people who have less loyalty to the organization may comply with the proposed changes simply because they do not care enough about the fate of the company to oppose the changes. As a result, when dealing with those who resist change, it is important to avoid blaming them for a lack of loyalty[16].

# Strategies to Overcoming Resistance to Change



# Strategies for Overcoming Resistance to Change

## Lewin's Three-Stage Process

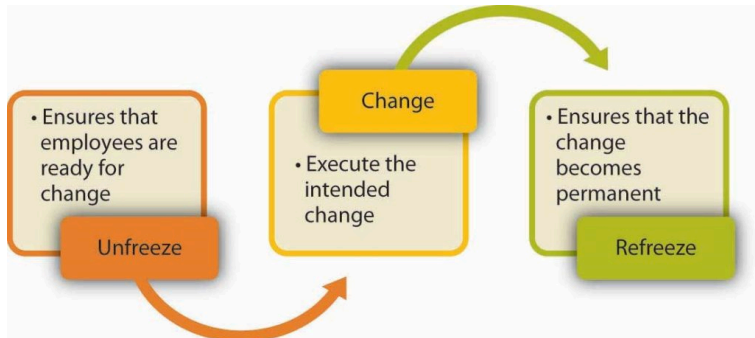


Figure: Lewin's Three-Stage Process of Change

How do you plan, organize, and execute change effectively? One of the most useful frameworks in this area is Kurt Lewin's three-stage model of planned change[17]. The assumption is that change will encounter resistance. Therefore, executing change without prior preparation is likely to lead to failure. Instead, organizations should start with unfreezing or making sure that organizational members are ready for and receptive to change. This is followed by change, or executing the planned changes. Finally, refreezing involves ensuring that change becomes permanent and that new habits, rules, or procedures become the norm. John Kotter, a Harvard University professor, wrote a book in 1996 titled *Leading Change* in which he discussed eight steps to changing an organization[18]. In the next section, we integrate the two

models with more recent work in the area to present a roadmap to how organizations may want to approach change.

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## Unfreezing Prior to Change

Many change efforts fail because people are insufficiently prepared for change. When employees are not prepared, they are more likely to resist the change effort and less likely to effectively function under the new system. What can organizations do prior to change to prepare employees? There are a number of things that are important at this stage.

## Creating a Vision for Change

In successful change efforts, the leader has an overall vision for the change[19]. When this vision is exciting and paints a picture of a future that employees would be proud to be a part of, people are likely to be more committed to change. For example, Toyota is a master of **kaizen**, or continuous improvement. They also follow the philosophy of **kakushin**, or revolutionary change, as needed. Regardless of the nature of the particular change, there is an overall vision for the company that justifies and explains why change is necessary “to build the dream car of the future”[20].

## Communicating a Plan for Change

Do people know what the change entails, or are they hearing about the planned changes through the grapevine or office

gossip? When employees know what is going to happen, and when and why, they may conquer their discomfort with change. Research shows that those who have more complete information about upcoming changes are more committed to a change effort[21].

Ensuring that top management communicates with employees about the upcoming changes also has symbolic value[22]. In any organization, many changes are done on a daily basis, with some taking root and some disappearing after a short while. When top management and the company CEO discuss the importance of the changes in meetings, employees are provided with a reason to trust that this change is a strategic initiative. For example, while changing the employee performance appraisal system, the CEO of Kimberly-Clark Corporation made sure to mention the new system in all meetings with employees, indicating that the change was supported by the CEO.

## Developing a Sense of Urgency

People are more likely to accept change if they feel that there is a need for it. If employees feel their company is doing well, the perceived need for change will be smaller. Those who plan the change will need to make the case that there is an external or internal threat to the organization's competitiveness, reputation, or sometimes even its survival, and failure to act will have dire consequences. For example, Lou Gerstner, the former CEO of IBM, executed a successful transformation of the company. In his biography *Elephants Can Dance*, he highlights how he achieved cooperation as follows: "Our greatest ally in shaking loose the past was IBM's imminent collapse. Rather than go with the usual impulse to put on a happy face, I decided to keep the crisis front and center. I didn't want to lose the sense of urgency" [23].

## Building a Coalition

In order to convince people that change is needed, the change leader does not necessarily have to convince every person individually. In fact, people's opinions toward change are affected by opinion leaders or those people who have a strong influence over the behaviours and attitudes of others[24]. Instead of trying to get everyone on board at the same time, it may be more useful to convince and prepare the opinion leaders. Once these individuals agree that change is needed and will be useful, they will become helpful allies in ensuring that the rest of the organization is ready for change[25]. For example, Paul Pressler, after becoming the CEO of Gap Inc. in 2002, initiated a culture change effort in the hope of creating a sense of identity among the company's many brands such as Banana Republic, Old Navy, and Gap. For this purpose, management segmented the employees into groups instead of trying to reach out to all employees at the same time. Gap Inc. started by training the 2,000 senior managers in Leadership Summits, who in turn was instrumental in ensuring the cooperation of the remaining 150,000 employees of the company[26].

## Provide Support

Employees should feel that their needs are not ignored. Therefore, management may prepare employees for change by providing emotional and instrumental support. Emotional support may be in the form of frequently discussing the changes, encouraging employees to voice their concerns, and simply expressing confidence in employees' ability to perform effectively under the new system. Instrumental support may

be in the form of providing a training program to employees so they know how to function under the new system.

## Allow Employees to Participate

Studies show that employees who participate in planning change efforts tend to have more positive opinions about the change. Why? They will have the opportunity to voice their concerns. They can shape the change effort so that their concerns are addressed. They will be more knowledgeable about the reasons for change, alternatives to the proposed changes, and why the chosen alternative was better than the others. Finally, they will feel a sense of ownership of the planned change and are more likely to be on board[27]. Participation may be more useful if it starts at earlier stages, preferably while the problem is still being diagnosed. For example, assume that a company suspects there are problems with manufacturing quality. One way of convincing employees that there is a problem that needs to be solved would be to ask them to take customer calls about product quality. Once employees experience the problem firsthand, they will be more motivated to solve the problem.

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## Executing Change

The second stage of Lewin's three-step change model is executing change. At this stage, the organization implements the planned changes in technology, structure, culture, or procedures. The specifics of how change should be executed will depend on the type of change. However, there are some tips that may facilitate the success of a change effort.

## **Continue to Provide Support**

As the change is underway, employees may experience high amounts of stress. They may make mistakes more often or experience uncertainty about their new responsibilities or job descriptions. Management has an important role in helping employees cope with this stress by displaying support and patience, and continuing to provide support to employees even after the change is complete.

## **Create Small Wins**

During a change effort, if the organization can create a history of small wins, change acceptance will be more likely[28]. If the change is large in scope and the payoff is a long time away, employees may not realize change is occurring during the transformation period. On the other hand, if people see changes, improvements, and successes along the way, they will be inspired and motivated to continue the change effort. For this reason, breaking up the proposed change into phases may be a good idea, because it creates smaller targets. Small wins are also important for planners of change to make the point that their idea is on the right track. Early success gives change planners more credibility, while early failures may be a setback[29].

## **Eliminate Obstacles**

When the change effort is in place, many obstacles may crop up along the way. There may be key people who publicly support the change effort while silently undermining the planned changes. There may be obstacles rooted in a

company's structure, existing processes, or culture. It is the management's job to identify, understand, and remove these obstacles[30]. Ideally, these obstacles would have been eliminated before implementing the change, but sometimes unexpected roadblocks emerge as change is underway.

## Kotter's Eight-stage Process for Change

Harvard Business School professor John P. Kotter proposed that companies should follow eight stages when instituting change. Here is a summary of his suggested steps:

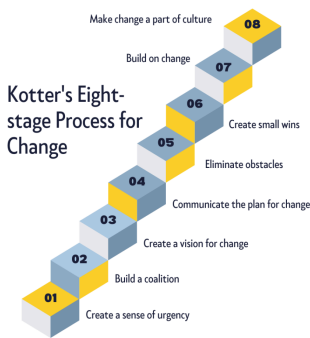


Figure: Kotter's Eight-stage Process for Change.

- Step 1: Create a sense of urgency
- Step 2: Build a coalition
- Step 3: Create a vision for change
- Step 4: Communicate the plan for change
- Step 5: Eliminate obstacles
- Step 6: Create small wins
- Step 7: Build on change
- Step 8: Make change a part

of culture

Source: This image, found in J.P. Kotter's book *Leading Change* (1996), is used in accordance with the fair dealing

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## Refreezing

After the change is implemented, the long-term success of a change effort depends on whether change becomes part of the company's culture. In other words, the revised ways of thinking, behaving, and performing should become routine. For this reason, there are a number of things management can do.

## Publicize Success

In order to make the change permanent, the organization may benefit from sharing the results of the change effort with employees. What was gained from the implemented changes? How much money did the company save? How much did the company's reputation improve? What was the reduction in accidents after new procedures were put in place? Sharing concrete results with employees increases their confidence that the implemented change was the right decision.

## Build on Prior Change

Once results start coming, it is important to benefit from the momentum created by these early successes by pushing for even more change. Following the philosophy of continuous improvement may be a good idea here. Instead of declaring

victory early, the company is advised to make continuous improvements to how business is conducted.

## Reward Change Adoption

In order to ensure that change becomes permanent, organizations may benefit from rewarding those who embrace the change effort. The rewards do not necessarily have to be financial. The simple act of recognizing those who are giving support to the change effort in front of their peers may encourage others to get on board. When the new behaviours employees are expected to demonstrate (such as using a new computer program, filling out a new form, or simply greeting customers once they enter the store) are made part of an organization's reward system, those behaviours are more likely to be taken seriously and repeated, making the change effort successful[31].

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## Make Change a Part of Organizational Culture

If the change effort has been successful, change will become a part of the corporate culture. In other words, in addition to the changes in procedures, processes, or technology, the mindset of people will also have changed. If change occurs only in superficial elements, it would be misleading to declare change a success. For example, if a company institutes a wellness program emphasizing healthy habits, rewarding employees for adopting healthy choices, and providing resources to maximize health, this change effort would be deemed a true success if

valuing employee health and well-being also becomes a part of the organization's culture. Creating a Web site, and printing booklets, and distributing them are all tools leading to this goal, but achieving the true goal also necessitates a change in ingrained assumptions of management and employees putting work before employee health and well-being.

### Overcoming Resistance to Your Proposals

You feel that change is needed. You have a great idea. But people around you do not seem convinced. They are resisting your great idea. How do you make change happen?

- **Listen to naysayers.** You may think that your idea is great, but listening to those who resist may give you valuable ideas about why it may not work and how to design it more effectively.
- **Is your change revolutionary?** If you are trying to dramatically change the way things are done, you will find that resistance is greater. If your proposal involves incrementally making things better, you may have better luck.
- **Involve those around you in planning the change.** Instead of providing the solutions, make them part of the solution. If they admit that there is a problem and participate in planning a way out, you would have to do less convincing when it is time to implement the change.
- **Do you have credibility?** When trying to persuade people to change their ways, it helps if you have a history of suggesting implementable changes. Otherwise, you may be ignored or met with suspicion. This means you need to establish trust and a history of keeping promises over time before you propose a major change.
- **Present data to your audience.** Be prepared to defend the technical aspects of your ideas and provide evidence that your proposal is likely to work.
- **Appeal to your audience's ideals.** Frame your proposal around the big picture. Are you going to create happier clients? Is this going to lead to a better reputation for the company? Identify the long-term goals you are hoping to accomplish that people would be proud to be a part of.
- **Understand the reasons for resistance.** Is your audience resisting because they fear change? Does the change you propose mean more work for them? Does it impact them in a negative way? Understanding the consequences of your proposal for the parties involved may help you tailor your pitch to your audience.

Sources: McGoon, C. (1995, March). *Secrets of building*

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## **Consider the following:**

1. Can you think of an organizational or personal change that you had to go through? Have you encountered any resistance to this change? What were the reasons?
2. How would you deal with employees who are resisting change because their habits are threatened? How would you deal with them if they are resisting because of a fear of failure?
3. What are the benefits of employee participation in change management?
4. Imagine that you are introducing a new system to college students in which they would have to use a special ID number the university creates for them for activities such as logging onto campus computers or using library resources. How would you plan and implement the change? Explain using Lewin's three-step framework.
5. Why are successful companies less likely to change? What should companies do in order to make organizational change part of their culture?

# Classroom Activity: To Change or Not to Change?



## To Change or Not to Change?

**Purpose:** All organizations experience and undergo change to adapt and respond to internal and external forces. Some changes can be categorized

**Time frame:** 20 minutes to work in groups

**Instructions:** Complete the following scenarios

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**Scenario #1:** A post-secondary institution is having to transition its classes from face-to-face to online learning in response to a virus that is having global impact on individual health impacts. Identify the opportunities and challenges that may be

encountered as a result of this change. Using Kotter's model of change, develop a plan to help the institution navigate through the changes that need to be made.

**Scenario #2:** The organization you work for has developed a new, proprietary software program that all employees throughout the organization are expected to begin using over the next 3 – 6 months. Identify the dimensions of change that this organization will experience and discuss the intentionality of the change. What other aspects of the organization may change as a result of the technological change.

**Scenario #3:** You have been brought on as a consultant as two organizations merge their brands together. They are hoping that this merger will increase their market share, improve overall brand recognition and provide an opportunity to diversify their business operations. Identify the dimensions of the change that would be required and develop a plan to help navigate the merger between the two organizations. What resistance among employees might you anticipate and how would you overcome these challenges?

# Classroom Activity: Project Innovation 2.0



## Project Innovation 2.0

Organizational change is a regular component of business and can have a profound impact on its ability to succeed in a complex environment. Organizations that are able to adapt to quickly are referred to as agile organizations because they focus on customers over profit and are able to embrace unpredictable environments.

### **Instructions:**

- Please identify your change management strategy for the following scenarios.
- Describe the role of each stakeholder in the change management process.
- How would you deal with the resistance to change in each situation?

**Scenario:** Organization: Global Services Solutions (GSS) – A multinational service-oriented company with diverse business units.

1. Agile Transformation:

- Goal: Implement Agile methodologies across departments to enhance adaptability and responsiveness to market changes.

2. Digitalization of Processes:

- Goal: Digitize key business processes to improve efficiency, reduce paperwork, and enhance data analytics capabilities.

3. Inclusive Leadership Development:

- Goal: Foster an inclusive leadership culture by developing programs that promote diversity, equity, and inclusion (DEI).

Challenges:

1. Employee Resistance to Agile:

- Anticipated Resistance: Employees accustomed to traditional hierarchical structures may resist the shift to Agile methodologies.

2. Technology Integration Hurdles:

- Anticipated Challenge: Integrating various digital tools may present technical difficulties and resistance from employees unfamiliar with the new technologies.

3. Cultural Shift Towards Inclusion:

- Anticipated Resistance: Existing cultural norms may hinder the acceptance of inclusive leadership practices.

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PART X

# ORGANIZATIONAL CULTURE



# Module Introduction



## Module 10 Organizational Culture

In the module, you will explore the concept of organizational culture. Just like individuals, you can think of organizations as having their own personalities, more typically known as organizational cultures. Understanding how culture is created, communicated, and changed will help you be more effective in your organizational life.

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### Learning Objectives

1. Define organizational culture, dominant culture, and subculture
2. Explain the various levels of organizational culture
3. Discuss contemporary models in sustaining organizational culture

# Understanding Organizational Culture



## Understanding Organizational Culture

**Organizational culture** refers to a system of shared assumptions, values, and beliefs that show employees what is appropriate and inappropriate behaviour[1]. These values have a strong influence on employee behaviour as well as organizational performance. In fact, the term organizational culture was made popular in the 1980s when Peters and Waterman's best-selling book *In Search of Excellence* made the argument that company success could be attributed to an organizational culture that was decisive, customer-oriented, empowering, and people-oriented. Since then, organizational culture has become the subject of numerous research studies, books, and articles. However, organizational culture is still a relatively new concept. In contrast to a topic such as leadership, which has a history spanning several centuries, organizational

culture is a young but fast-growing area within organizational behaviour.

Culture is by and large invisible to individuals. Even though it affects all employee behaviours, thinking, and behavioural patterns, individuals tend to become more aware of their organization's culture when they have the opportunity to compare it to other organizations. If you have worked in multiple organizations, you can attest to this. Maybe the first organization you worked for was a place where employees dressed formally. It was completely inappropriate to question your boss in a meeting; such behaviours would only be acceptable in private. It was important to check your e-mail at night as well as during weekends or else you would face questions on Monday about where you were and whether you were sick. Contrast this company to a second organization where employees dress more casually. You are encouraged to raise issues and question your boss or peers, even in front of clients. What is more important is not to maintain impressions but to arrive at the best solution to any problem. It is widely known that family life is very important, so it is acceptable to leave work a bit early to go to a family event. Additionally, you are not expected to do work at night or over the weekends unless there is a deadline. These two hypothetical organizations illustrate that organizations have different cultures, and culture dictates what is right and what is acceptable behaviour as well as what is wrong and unacceptable.

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## Why Does Organizational Culture Matter?

An organization's culture may be one of its strongest assets,

as well as its biggest liability. In fact, it has been argued that organizations that have a rare and hard-to-imitate organizational culture benefit from it as a competitive advantage[2]. In a survey conducted by the management consulting firm Bain & Company in 2007, worldwide business leaders identified corporate culture as important as corporate strategy for business success (Why culture can mean life or death, 2007)[3]. This comes as no surprise to many leaders of successful businesses, who are quick to attribute their company's success to their organization's culture.

Culture, or shared values within the organization, may be related to increased performance. Researchers found a relationship between organizational cultures and company performance, with respect to success indicators such as revenues, sales volume, market share, and stock prices[4]. At the same time, it is important to have a culture that fits with the demands of the company's environment. To the extent shared values are proper for the company in question, company performance may benefit from culture[5]. For example, if a company is in the high-tech industry, having a culture that encourages innovativeness and adaptability will support its performance. However, if a company in the same industry has a culture characterized by stability, high respect for tradition, and a strong preference for upholding rules and procedures, the company may suffer as a result of its culture. In other words, just as having the "right" culture may be a competitive advantage for an organization, having the "wrong" culture may lead to performance difficulties, may be responsible for organizational failure, and may act as a barrier preventing the company from changing and taking risks.

In addition to having implications for organizational performance, organizational culture is an effective control mechanism for dictating employee behaviour. Culture is in fact a more powerful way of controlling and managing employee behaviours than organizational rules and regulations. When

problems are unique, rules tend to be less helpful. Instead, creating a culture of customer service achieves the same result by encouraging employees to think like customers, knowing that the company priorities in this case are clear: Keeping the customer happy is preferable to other concerns such as saving the cost of a refund.

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## Levels of Organizational Culture

Organizational culture consists of some aspects that are relatively more visible, as well as aspects that may lie below one's conscious awareness. Organizational culture can be thought of as consisting of three interrelated levels[6].

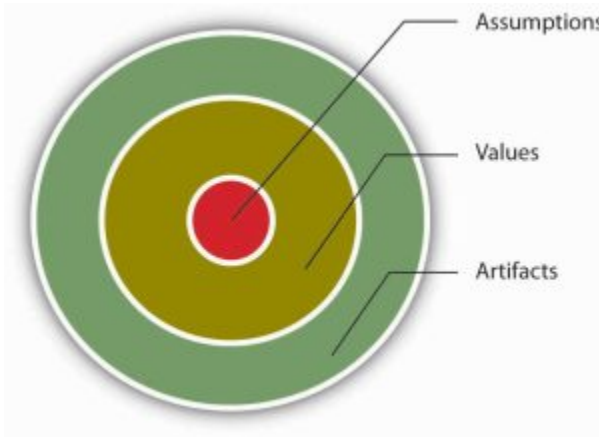


Figure: Levels of organizational culture

Source: This image, adapted from E.H. Schein's book

*Organizational culture and leadership (1992), is used in accordance with the fair dealing provisions in section 29 of the Canadian Copyright Act for the purpose of education and private study.*

At the deepest level, below our awareness lie basic assumptions. **Assumptions** are taken for granted, and they reflect beliefs about human nature and reality. At the second level, values exist. **Values** are shared principles, standards, and goals. Finally, at the surface, we have **artifacts** or visible, tangible aspects of organizational culture. For example, in an organization, one of the basic assumptions employees and managers share might be that happy employees benefit their organizations. This assumption could translate into values such as social equality, high-quality relationships, and having fun. The artifacts reflecting such values might be an executive “open door” policy, an office layout that includes open spaces and gathering areas equipped with pool tables, and frequent company picnics in the workplace. For example, Alcoa Inc. designed its headquarters to reflect the values of making people more visible and accessible and to promote collaboration>[7]. In other words, understanding the organization’s culture may start from observing its artifacts: the physical environment, employee interactions, company policies, reward systems, and other observable characteristics. When you are interviewing for a position, observing the physical environment, how people dress, where they relax, and how they talk to others is definitely a good start to understanding the company’s culture. However, simply looking at these tangible aspects is unlikely to give a full picture of the organization. An important chunk of what makes up culture exists below one’s degree of awareness. The values and, at a deeper level, the assumptions that shape the organization’s culture can be uncovered by observing how employees interact and the choices they make, as well as by inquiring

about their beliefs and perceptions regarding what is right and appropriate behaviour.

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***Consider the following:***

1. Why do companies need culture?
2. Give an example of an aspect of company culture that is a strength and one that is a weakness.
3. In what ways does culture serve as a controlling mechanism?
4. If assumptions are below the surface, why do they matter?
5. Share examples of artifacts you have noticed at different organizations.

# Creating and Sustaining Organizational Culture



## Creating and Sustaining Organizational Culture

### How Are Cultures Created?

Where do cultures come from? Understanding this question is important so that you know how they can be changed. An organization's culture is shaped as the organization faces external and internal challenges and learns how to deal with them. When the organization's way of doing business provides a successful adaptation to environmental challenges and ensures success, those values are retained. These values and ways of doing business are taught to new members as the way to do business[8]. The factors that are most important in

the creation of an organization's culture include the founders' values, preferences, and industry demands.

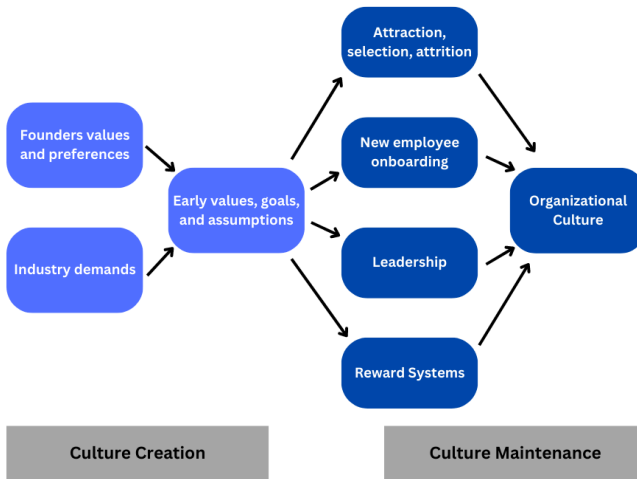


Figure: Culture Creation and Maintenance

## Founder's Values

A company's culture, particularly during its early years, is inevitably tied to the personality, background, and values of its founder or founders, as well as their vision for the future of the organization. This explains one reason why culture is so hard to change: It is shaped in the early days of a company's history. When entrepreneurs establish their own businesses, the way they want to do business determines the organization's rules, the structure set up in the company, and the people they hire to work with them.

As a case in point, some of the existing corporate values of the ice cream company Ben & Jerry's Homemade Holdings



Inc. can easily be traced to the personalities of its founders Ben Cohen and Jerry Greenfield. In 1978, the two ex-hippie high school friends opened up their first ice cream shop in a renovated gas station in Burlington, Vermont. Their

strong social convictions led them to buy only from the local farmers and devote a certain percentage of their profits to charities. The core values they instilled in their business can still be observed in the current company's devotion to social activism and sustainability, its continuous contributions to charities, its use of environmentally friendly materials, and its dedication to creating jobs in low-income areas.

Even though the company was acquired by Unilever PLC in 2000, the social activism component remains unchanged and Unilever has expressed its commitment to maintaining it[9]. There are many other examples of founders instilling their own strongly held beliefs or personalities in the businesses they found. For example, as mentioned earlier, Microsoft's aggressive nature is often traced back to Bill Gates and his competitiveness. According to one anecdote, his competitive nature even extends to his personal life such that one of his pastimes is to compete with his wife in solving identical jigsaw puzzles to see who can finish faster[10]. Similarly, Joseph Pratt, a history and management professor, notes, "There definitely is an Exxon way. This is John D. Rockefeller's company, this is Standard Oil of New Jersey, which is the one that is most closely shaped by Rockefeller's traditions. Their values are very clear. They are deeply embedded. They have roots in 100 years of corporate history"[11].

Founder values become part of the corporate culture to the degree they help the company be successful. For example, the

social activism of Ben & Jerry's was instilled in the company because the founders strongly believed in these issues. However, these values probably would not be surviving 3 decades later if they had not helped the company in its initial stages. In the case of Ben & Jerry's, these charitable values helped distinguish their brand from larger corporate brands and attracted a loyal customer base. Thus, by providing a competitive advantage, these values were retained as part of the corporate culture and were taught to new members as the right way to do business. Similarly, the early success of Microsoft may be attributed to its relatively aggressive corporate culture, which provided a source of competitive advantage.

## Industry Demands

While founders undoubtedly exert a powerful influence over corporate cultures, industry characteristics also play a role. Industry characteristics and demands act as a force to create similarities among organizational cultures. For example, despite some differences, many companies in the insurance and banking industries are stable and rule-oriented, many companies in the high-tech industry have innovative cultures, and companies in the nonprofit industry tend to be people-oriented. If the industry is one with a large number of regulatory requirements—for example, banking, health care, and nuclear power plant industries—then we might expect the presence of a large number of rules and regulations, a bureaucratic company structure, and a stable culture. Similarly, the high-tech industry requires agility, taking quick action, and low concern for rules and authority, which may create a relatively more innovative culture [12]. The industry's influence over culture is also important to know because this shows that it may not be possible to imitate the culture of a company in

a different industry, even though it may seem admirable to outsiders.

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## How Are Cultures Maintained?

As a company matures, its cultural values are refined and strengthened. The early values of a company's culture exert influence over its future values. It is possible to think of organizational culture as an organism that protects itself from external forces. Organizational culture determines what types of people are hired by an organization and what types are left out. Moreover, once new employees are hired, the company assimilates new employees and teaches them the way things are done in the organization. We call these processes attraction-selection-attrition and onboarding processes. We will also examine the role of leaders and reward systems in shaping and maintaining an organization's culture. It is important to remember two points: The process of culture creation is in fact more complex and less clean than the name implies. Additionally, the influence of each factor on culture creation is reciprocal. For example, just as leaders may influence what type of values the company has, the culture may also determine what types of behaviours leaders demonstrate.

### Attraction-Selection-Attrition (ASA)

Organizational culture is maintained through a process known as attraction-selection-attrition. First, employees are **attracted**

to organizations where they will fit in. In other words, different job applicants will find different cultures to be attractive. Someone who has a competitive nature may feel comfortable and prefer to work in a company where interpersonal competition is the norm. Others may prefer to work in a team-oriented workplace. Research shows that employees with different personality traits find different cultures attractive. For example, out of the Big Five personality traits, employees who demonstrate neurotic personalities were less likely to be attracted to innovative cultures, whereas those who had an openness to experience were more likely to be attracted to innovative cultures[13]. As a result, individuals will self-select the companies they work for and may stay away from companies that have core values that are radically different from their own.



Of course, this process is imperfect, and value similarity is only one reason a candidate might be attracted to a company. There may be other, more powerful attractions such as good benefits. For example, candidates who are potential misfits may still be attracted to Google because of the cool perks associated with being a Google employee. At this point in the process, the second component of the ASA framework prevents

them from getting in: **Selection**. Just as candidates are looking for places where they will fit in, companies are also looking for people who will fit into their current corporate culture. Many companies are hiring people to fit with their culture, as opposed to fit with a certain job. For example, Southwest

Airlines prides itself on hiring employees based on personality and attitude rather than specific job-related skills, which are learned after being hired. This is important for job applicants to know because, in addition to highlighting your job-relevant skills, you will need to discuss why your personality and values match those of the company.

Companies use different techniques to weed out candidates who do not fit with corporate values. For example, Google relies on multiple interviews with future peers. By introducing the candidate to several future coworkers and learning what these coworkers think of the candidate, it becomes easier to assess the level of fit. The Container Store Inc. ensures cultural fit by hiring among its customers[14]. This way, they can make sure that job candidates are already interested in organizing their lives and understand the company's commitment to helping customers organize theirs. Companies may also use employee referrals in their recruitment process. By using their current employees as a source of future employees, companies may make sure that the newly hired employees go through a screening process to avoid potential person-culture mismatch.

Even after a company selects people for person-organization fit, there may be new employees who do not fit in. Some candidates may be skillful in impressing recruiters and signal high levels of cultural fit even though they do not necessarily share the company's values. Moreover, recruiters may suffer from perceptual biases and hire some candidates thinking that they fit with the culture even though the actual fit is low. In any event, the organization is going to eventually eliminate candidates who do not fit in through *attrition*. **Attrition** refers to the natural process in which the candidates who do not fit in will leave the company. Research indicates that person-organization misfit is one of the important reasons for employee turnover[15].

As a result of the ASA process, the company attracts, selects, and retains people who share its core values. On the other

hand, those people who are different in core values will be excluded from the organization either during the hiring process or later on through naturally occurring turnover. Thus, organizational culture will act as a self-defending organism where intrusive elements are kept out. Supporting the existence of such self-protective mechanisms, research shows that organizations demonstrate a certain level of homogeneity regarding the personalities and values of organizational members[16].

## New Employee Onboarding

Another way in which an organization's values, norms, and behavioural patterns are transmitted to employees is through onboarding (also referred to as the **organizational socialization** process). **Onboarding** refers to the process through which new employees learn the attitudes, knowledge, skills, and behaviours required to function effectively within an organization. If an organization can successfully socialize new employees into becoming organizational insiders, new employees feel confident regarding their ability to perform, sense that they will feel accepted by their peers, and understand and share the assumptions, norms, and values that are part of the organization's culture. This understanding and confidence in turn translate into more effective new employees who perform better and have higher job satisfaction, stronger organizational commitment, and longer tenure within the company[17].

There are many factors that play a role in the successful adjustment of new employees. New employees can engage in several activities to help increase their own chances of success at a new organization. Organizations also engage in different activities, such as implementing orientation programs or

matching new employees with mentors, which may facilitate onboarding.

## ***What Can New Employees Do During Orientation?***

New employees who are proactive, seek feedback, and build strong relationships tend to be more successful than those who do not[18]. For example, feedback-seeking helps new employees. Especially on a first job, a new employee can make mistakes or gaffes and may find it hard to understand and interpret the ambiguous reactions of coworkers. New hires may not know whether they are performing up to standards, whether it was a good idea to mention a company mistake in front of a client, or why other employees are asking if they were sick over the weekend because of not responding to work-related e-mails. By actively seeking feedback, new employees may find out sooner rather than later any behaviours that need to be changed and gain a better understanding of whether their behaviour fits with the company culture and expectations. Several studies show the benefits of feedback-seeking for new employee adjustment.

Relationship building, or networking, is another important behaviour new employees may demonstrate. Particularly when a company does not have a systematic approach to onboarding, it becomes more important for new employees to facilitate their own onboarding by actively building relationships. According to one estimate, 35% of managers who start a new job fail in the new job and either voluntarily leave or are fired within 1.5 years. Of these, over 60% report not being able to form effective relationships with colleagues as the primary reason for their failure[19]. New employees may take an active role in building relations by seeking opportunities to have a conversation with their new colleagues, arranging

lunches or coffee with them, participating in company functions, and making the effort to build a relationship with their new supervisor[20].

### You've Got a New Job! Now How Do You Get On Board?

- **Gather information.** Try to find out as much about the company and the job as you can before your first day. After you start working, be a good observer, gather information, and read as much as you can to understand your job and the company. Examine how people are interacting, how they dress, and how they act to avoid behaviours that might indicate to others that you are a misfit.
- **Manage your first impression.** First impressions may endure, so make sure that you dress appropriately, are friendly, and communicate your excitement to be a part of the team. Be on your best behaviour!
- **Invest in relationship development.** The relationships you develop with your manager and with coworkers will be essential for you to adjust to your new job. Take the time to strike up conversations with them. If there are work functions during your early days, make sure not to miss them!
- **Seek feedback.** Ask your manager or coworkers how well you are doing and whether you are meeting expectations. Listen to what they are telling you and also listen to what they are not saying. Then, make sure to act upon any suggestions for improvement. Be aware that after seeking feedback, you may create a negative impression if you consistently ignore the feedback you receive.
- **Show success early on.** In order to gain the trust of your new manager and colleagues, you may want to establish a history of success early. Volunteer for high-profile projects where you will be able to demonstrate your skills. Alternatively, volunteer for projects that may serve as learning opportunities or that may put you in touch with the key people in the company.

Sources: Adapted from ideas in Couzins, M., & Beagrie, S. (2005, March 1). How to...survive the first six months of a new job. *Personnel Today*, 27; Wahlgreen, E. (2002, December 5). Getting up to speed at a new job. *Business Week Online*. Retrieved January 29, 2009, from [http://www.businessweek.com/careers/content/dec2002/ca2002123\\_2774.htm](http://www.businessweek.com/careers/content/dec2002/ca2002123_2774.htm).

# ***What Can Organizations Do During Onboarding?***

Many organizations, including Microsoft, Kellogg Company, and Bank of America, take a more structured and systematic approach to new employee onboarding, while others follow a “sink or swim” approach in which new employees struggle to figure out what is expected of them and what the norms are.

A formal orientation program indoctrinates new employees to the company culture, as well as introduces them to their new jobs and colleagues. An orientation program is important because it has a role in making new employees feel welcome in addition to imparting information that may help new employees be successful in their new jobs. Many large organizations have formal orientation programs consisting of lectures, videotapes, and written material, while some may follow more unusual approaches. According to one estimate, most orientations last anywhere from one to five days, and some companies are currently switching to a computer-based orientation. Ritz-Carlton, the company ranked number 1 in Training magazine’s 2007 top 125 lists, uses a very systematic approach to employee orientation and views orientation as the key to retention. In the two-day classroom orientation, employees spend time with management, dine in the hotel’s finest restaurant, and witness the attention to customer service detail firsthand. For example, they receive hand-written welcome notes and their favorite snacks during the break. During these two days, they are introduced to the company’s intensive service standards, team orientation, and its own language. Later, on their 21st day, they are tested on the company’s service standards and are certified[21]. Research shows that formal orientation programs are helpful in teaching employees about the goals and history of the company, as well as communicating the power structure. Moreover, these programs may also help with a new employee’s integration

into the team. However, these benefits may not be realized to the same extent in computer-based orientations. In fact, compared to those taking part in a regular, face-to-face orientation, individuals undergoing a computer-based orientation were shown to have a lower understanding of their job and the company, indicating that different formats of orientations may not substitute for each other[22].

## ***What Can Organizational Insiders Do During Onboarding?***

One of the most important ways in which organizations can help new employees adjust to a company and a new job is through *organizational insiders*—namely supervisors, coworkers, and mentors. Research shows that leaders have a key influence over onboarding, and the information and support leaders provide determine how quickly employees learn about the company's politics and culture. Coworker influence determines the degree to which employees adjust to their teams. Mentors can be crucial to helping new employees adjust by teaching them the ins and outs of their jobs and how the company really operates. A **mentor** is a trusted person who provides an employee with advice and support regarding career-related matters. Although a mentor can be any employee or manager who has insights that are valuable to the new employee, mentors tend to be relatively more experienced than their protégés. Mentoring can occur naturally between two interested individuals, or organizations can facilitate this process by having formal mentoring programs. These programs may successfully bring together mentors and protégés who would not come together otherwise. Research indicates that the existence of these programs does not guarantee their success, and there are certain program characteristics that may make these programs more effective.

For example, when mentors and protégés feel that they had input in the mentor-protégé matching process, they tend to be more satisfied with the arrangement. Moreover, when mentors receive training beforehand, the outcomes of the program tend to be more positive[23]. Because mentors may help new employees interpret and understand the company's culture, organizations may benefit from selecting mentors who personify the company's values. Thus, organizations may need to design these programs carefully to increase their chance of success.

### How to Maximize Onboarding Success

Onboarding plans should have the following characteristics:

- *Written down.* If your organization does not have a formal plan, write one yourself. It may not make sense to share it with others, but at least you will have a roadmap. If your organization does have one, refer to it on a monthly basis.
- *Participatory.* The power of onboarding programs is in the interaction. Try to get participation from others to the extent possible and engage in onboarding activities offered to you by the organization.
- *Tracked over time.* Keep in mind that research shows onboarding has a rhythm of 30-, 60-, 90-, and 180-day milestones. Be sure to track your progress.
- *Clear on objectives, timeline, roles, and responsibilities.* This will help ensure that role conflict and ambiguity doesn't detour your onboarding process.
- *Clear on scheduled key stakeholder meetings with managers and mentors.* Include a plan for
  1. going over strengths and development areas;
  2. hearing about potential problems and critical advice to help you be successful.
- Be sure to include a list of your key questions and things you need to help you do your job better.

Source: Adapted from Bauer, T. N., & Elder, E. (2006). Onboarding newcomers into an organization. 58th Annual

Society for Human Resource Management (SHRM) Conference & Exposition. Washington, DC.

## Leadership



Leaders are instrumental in creating and changing an organization's culture. There is a direct correspondence between a leader's style and an organization's culture. For example, when leaders motivate employees through

inspiration, corporate culture tends to be more supportive and people-oriented. When leaders motivate by making rewards contingent on performance, the corporate culture tends to be more performance-oriented and competitive[24]. In these and many other ways, what leaders do directly influence the cultures their organizations have.

Part of the leader's influence over culture is through role modeling. Many studies have suggested that leader behaviour, the consistency between organizational policy and leader actions, and leader role modeling determine the degree to which the organization's culture emphasizes ethics[25]. The leader's own behaviours will signal to employees what is acceptable behaviour and what is unacceptable. In an organization in which high-level managers make the effort to involve others in decision-making and seek the opinions of others, a team-oriented culture is more likely to evolve. By acting as role models, leaders send signals to the organization about the norms and values that are expected to guide the actions of organizational members.

Leaders also shape culture by their reactions to the actions of others around them. For example, do they praise a job well

done, or do they praise a favored employee regardless of what was accomplished? How do they react when someone admits to making an honest mistake? What are their priorities? In meetings, what types of questions do they ask? Do they want to know what caused accidents so that they can be prevented, or do they seem more concerned about how much money was lost as a result of an accident? Do they seem outraged when an employee is disrespectful to a coworker, or does their reaction depend on whether they like the harasser? Through their day-to-day actions, leaders shape and maintain an organization's culture.

## Rewards Systems

Finally, the company culture is shaped by the type of reward systems used in the organization, and the kinds of behaviours and outcomes it chooses to reward and punish. One relevant element of the reward system is whether the organization rewards behaviours or results. Some companies have reward systems that emphasize intangible elements of performance as well as more easily observable metrics. In these companies, supervisors and peers may evaluate an employee's performance by assessing the person's behaviours as well as the results. In such companies, we may expect a culture that is relatively people or team-oriented, and employees act as part of a family[26]. On the other hand, in companies that purely reward goal achievement, there is a focus on measuring only the results without much regard for the process. In these companies, we might observe outcome-oriented and competitive cultures. Another categorization of reward systems might be whether the organization uses rankings or ratings. In a company where the reward system pits members against one another, where employees are ranked against each other and the lower performers receive long-term or short-

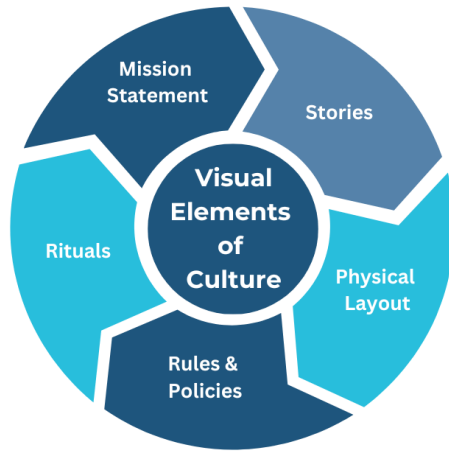
term punishments, it would be hard to develop a culture of people-orientation which may lead to a competitive culture. On the other hand, evaluation systems that reward employee behaviour by comparing them to absolute standards as opposed to comparing employees to each other may pave the way to a team-oriented culture. Whether the organization rewards performance or seniority would also make a difference in culture. When promotions are based on seniority, it would be difficult to establish a culture of outcome orientation. Finally, the types of behaviours that are rewarded or ignored set the tone for the culture. Service-oriented cultures reward, recognize and publicize exceptional service on the part of their employees. In safety cultures, safety metrics are emphasized and the organization is proud of its low accident ratings. What behaviours are rewarded, which ones are punished, and which are ignored will determine how a company's culture evolves.

# Visual Elements of Organizational Culture



## Visual Elements of Organizational Culture

How do you find out about a company's culture? We emphasized earlier that culture influences the way members of the organization think, behave, and interact with one another. Thus, one way of finding out about a company's culture is by observing employees or interviewing them. At the same time, culture manifests itself in some visible aspects of the organization's environment. In this section, we discuss five ways in which culture shows itself to observers and employees.



*Figure: The Visual Elements of Culture*

## Mission Statement

A **mission statement** is a statement of purpose, describing who the company is and what it does. Many companies have mission statements, but they do not always reflect the company's values and purpose. An effective mission statement is well-known by employees, is transmitted to all employees starting from their first day at work, and influences employee behaviour.

Not all mission statements are effective, because some are written by public relations specialists and can be found on a company's Web site, but it does not affect how employees act or behave. In fact, some mission statements reflect who the company wants to be as opposed to who they actually are. If the mission statement does not affect employee behaviour

on a day-to-day basis, it has little usefulness as a tool for understanding the company's culture. An oft-cited example of a mission statement that had little impact on how a company operates belongs to Enron. Their missions and values statement began, "As a partner in the communities in which we operate, Enron believes it has a responsibility to conduct itself according to certain basic principles." Their values statement included such ironic declarations as "We do not tolerate abusive or disrespectful treatment. Ruthlessness, callousness, and arrogance don't belong here"[27].

A mission statement that is taken seriously and widely communicated may provide insights into the corporate culture. For example, the Mayo Clinic's mission statement is "The needs of the patient come first." This mission statement evolved from the founders who are quoted as saying, "The best interest of the patient is the only interest to be considered." Mayo Clinic has a corporate culture that puts patients first. For example, no incentives are given to physicians based on the number of patients they see. Because doctors are salaried, they have no interest in retaining a patient for themselves and they refer the patient to other doctors when needed[28]. Wal-Mart Stores Inc. may be another example of a company that lives its mission statement, and therefore its mission statement may give hints about its culture: "Saving people money so they can live better" [29]. In fact, their culture emphasizes thrift and cost control in everything they do. For example, even though most CEOs of large companies in the United States have lavish salaries and showy offices, Wal-Mart's CEO Michael Duke, and other high-level corporate officers work out of modest offices in the company's headquarters.

## Rituals

**Rituals** refer to repetitive activities within an organization that

have symbolic meaning[30]. Usually, rituals have their roots in the history of a company's culture. They create camaraderie and a sense of belonging among employees. They also serve to teach employees corporate values and create identification with the organization.



For example, at the cosmetics firm Mary Kay Inc., employees attend award ceremonies recognizing their top salespeople with an award of a new car—traditionally a pink

Cadillac. These ceremonies are conducted in large auditoriums where participants wear elaborate evening gowns and sing company songs that create emotional excitement. During this ritual, employees feel a connection to the company culture and its values, such as self-determination, willpower, and enthusiasm[31].

Another example of rituals is the Saturday morning meetings of Wal-Mart. This ritual was first created by the company founder Sam Walton, who used these meetings to discuss which products and practices were doing well and which required adjustment. He was able to use this information to make changes in Wal-Mart's stores before the start of the week, which gave him a competitive advantage over rival stores who would make their adjustments based on weekly sales figures during the middle of the following week. Today, hundreds of Wal-Mart associates attend the Saturday morning meetings in the Bentonville, Arkansas, headquarters. The meetings, which run from 7:00 to 9:30 a.m., start and end with the Wal-Mart cheer; the agenda includes a discussion of weekly sales figures and merchandising tactics. As a ritual, the meetings help maintain a small-company atmosphere, ensure employee

involvement and accountability, communicate a performance orientation, and demonstrate taking quick action[32].

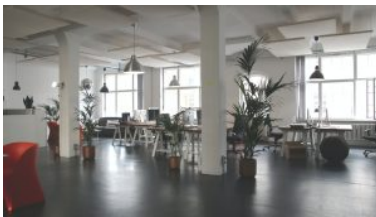
## Rules and Policies

Another way in which an observer may find out about a company's culture is to examine its rules and policies. Companies create rules to determine acceptable and unacceptable behaviour, and thus the rules that exist in a company will signal the type of values it has. Policies about issues such as decision-making, human resources, and employee privacy reveal what the company values and emphasizes. For example, a company that has a policy such as "all pricing decisions of merchandise will be made at corporate headquarters" is likely to have a centralized culture that is hierarchical, as opposed to decentralized and empowering. Similarly, a company that extends benefits to both part-time and full-time employees, as well as to spouses and domestic partners, signals to employees and observers that it cares about its employees and shows concern for their well-being. By offering employees flexible work hours, sabbaticals, and telecommuting opportunities, a company may communicate its emphasis on work-life balance. The presence or absence of policies on sensitive issues such as English-only rules, bullying or unfair treatment of others, workplace surveillance, open-door policies, sexual harassment, workplace romances, and corporate social responsibility all provide pieces of the puzzle that make up a company's culture.

## Physical Layout

A company's building, including the layout of employee offices

and other workspaces, communicates important messages about a company's culture. The building architecture may indicate the core values of an organization's culture. For example, visitors walking into the Nike Inc. campus in Beaverton, Oregon, can witness firsthand some of the distinguishing characteristics of the company's culture. The campus is set on 74 acres and boasts an artificial lake, walking trails, soccer fields, and cutting-edge fitness centers. The campus functions as a symbol of Nike's values such as energy, physical fitness, an emphasis on quality, and a competitive orientation. In addition, at fitness centers at the Nike headquarters, only those wearing Nike shoes and apparel are allowed in. This sends a strong signal that loyalty is expected. The company's devotion to athletes and their winning spirits is manifested in campus buildings named after famous athletes, photos of athletes hanging on the walls, and honorary statues dotting the campus[33]. A very different tone awaits visitors to Wal-Mart headquarters, where managers have gray and windowless offices[34]. By putting its managers in small offices and avoiding outward signs of flashiness, Wal-Mart does a good job of highlighting its values of economy.



The layout of the office space also is a strong indicator of a company's culture. A company that has an open layout where high-level managers interact with employees may have a culture of team orientation and egalitarianism, whereas a company where high-level managers have their own floor may indicate a higher level of hierarchy.

Microsoft employees tend to have offices with walls and a door because the culture emphasizes solitude, concentration, and privacy. In contrast, Intel Corporation is famous for its standard cubicles, which reflect its culture of equality. The

same value can also be observed in its avoidance of private and reserved parking spots[35]. The degree to which playfulness, humor, and fun is part of a company's culture may be indicated in the office environment. For example, Jive Software boasts a colorful, modern, and comfortable office design. Their break room is equipped with a keg of beer, free snacks and sodas, an XBOX 360, and a Nintendo Wii. A casual observation of their work environment sends the message that employees who work there see their work as fun[36].

## Stories

Perhaps the most colorful and effective way in which organizations communicate their culture to new employees and organizational members is through the skillful use of stories. A story can highlight a critical event an organization faced and the collective response to it or can emphasize a heroic effort of a single employee illustrating the company's values. The stories usually engage employee emotions and generate employee identification with the company or the heroes of the tale. A compelling story may be a key mechanism through which managers motivate employees by giving their behaviour direction and energizing them toward a certain goal[37]. Moreover, stories shared with new employees communicate the company's history, values, and priorities, and serve the purpose of creating a bond between the new employee and the organization. For example, you may already be familiar with the story of how a scientist at 3M invented Post-it notes. Arthur Fry, a 3M scientist, was using slips of paper to mark the pages of hymns in his church choir, but they kept falling off. He remembered a super-weak adhesive that had been invented in 3M's labs, and he coated the markers with this adhesive. Thus, the Post-it notes were born. However, marketing surveys for the interest in such a product were weak,

and the distributors were not convinced that it had a market. Instead of giving up, Fry distributed samples of the small yellow sticky notes to secretaries throughout his company. Once they tried them, people loved them and asked for more. Word spread, and this led to the ultimate success of the product. As you can see, this story does a great job of describing the core values of a 3M employee: Being innovative by finding unexpected uses for objects, persevering, and being proactive in the face of negative feedback[38].

### As a Job Candidate, How Would You Find Out If You Are a Good Fit?

- **Do your research.** Talking to friends and family members who are familiar with the company, doing an online search for news articles about the company, browsing the company's Web site, and reading its mission statement would be a good start.
- **Observe the physical environment.** Do people work in cubicles or in offices? What is the dress code? What is the building structure? Do employees look happy, tired, or stressed? The answers to these questions are all pieces of the puzzle.
- **Read between the lines.** For example, the absence of a lengthy employee handbook or detailed procedures might mean that the company is more flexible and less bureaucratic.
- **Ask questions.** What happened to the previous incumbent of this job? What does it take to be successful in this firm? What would their ideal candidate for the job look like? The answers to these questions will reveal a lot about the way they do business.
- **Listen to your gut.** Your feelings about the place in general, and your future manager and coworkers in particular, are important signs that you should not ignore.

Sources: Adapted from ideas in Daniel, L., & Brandon, C. (2006). *Finding the right job fit*. *HR Magazine*, 51, 62–67; Sacks, D. (2005). *Cracking your next company's culture*. *Fast Company*, 99, 85–87.

# Classroom Activity: Clues on Culture



## Clues on Campus

**Purpose:** Being able to identify the culture of an organization is important to help behave in socially acceptable ways. The purpose of this activity is to help make the taken for granted assumptions that many of us hold in everyday locations and experiences and view them through the lens of organizational culture concepts discussed in class.

**Time frame:** Approximately 45 minutes (30 minutes to investigate the assigned location, 15 minutes class discussion)

**Group Size:** 4 -5 students per group

### Instructions:

1. Each group will be assigned a location on campus to analyze (I.e., registrar's office, library, food court, etc.).

2. Go to the location that the group has been assigned and look for clues about the culture of each location.
3. Groups should consider:
  1. What does the layout communicate about the location?
  2. What behaviours are expected by the employees?  
How do you know?
  3. What behaviours are expected by the customers?  
How do you know?
  4. What artifacts are evident at the location?
  5. What values are represented at the location?
  6. What assumptions are represented at the location?

Be prepared to discuss your experience with the class.

# Creating Cultural Change



## Creating Organizational Change

Culture is part of a company's DNA and is resistant to change efforts. Unfortunately, many organizations may not even realize that their current culture constitutes a barrier to organizational productivity and performance. Changing company culture may be the key to company turnaround when there is a mismatch between an organization's values and the demands of its environment.

Certain conditions may help with culture change. For example, if an organization is *experiencing failure* in the short run or is under threat of bankruptcy or an imminent loss of market share, it would be easier to convince managers and employees that culture change is necessary. A company can use such downturns to generate employee commitment to the change effort. However, if the organization has been successful in the past, and if employees do not perceive an urgency necessitating culture change, the change effort will be more

challenging. Sometimes the external environment may force an organization to undergo culture change. *Mergers and acquisitions* are another example of an event that changes a company's culture. In fact, the ability of the two merging companies to harmonize their corporate cultures is often what makes or breaks a merger effort. When Ben & Jerry's was acquired by Unilever, Ben & Jerry's had to change parts of its culture while attempting to retain some of its unique aspects. Corporate social responsibility, creativity, and fun remained as parts of the culture. In fact, when Unilever appointed a veteran French executive as the CEO of Ben & Jerry's in 2000, he was greeted by an Eiffel Tower made out of ice cream pints, Edith Piaf songs, and employees wearing berets and dark glasses. At the same time, the company had to become more performance-oriented in response to the acquisition. All employees had to keep an eye on the bottom line. For this purpose, they took an accounting and finance course for which they had to operate a lemonade stand [39]. Achieving culture change is challenging, and many companies ultimately fail in this mission. Research and case studies of companies that successfully changed their culture indicate that the following six steps increase the chances of success[40].

# Six Steps to Culture Change



## Creating a Sense of Urgency

In order for the change effort to be successful, it is important to communicate the need for change to employees. One way of doing this is to create a sense of urgency on the part of employees and explain to them why changing the fundamental way in which business is done is so important. In successful culture change efforts, leaders communicate with employees and present a case for culture change as the essential element that will lead the company to eventual success. As an example, consider the situation at IBM Corporation in 1993 when Lou Gerstner was brought in as CEO and chairman. After decades of dominating the market for mainframe computers, IBM was rapidly losing market share to competitors, and its efforts to sell personal computers—the original “PC”—were seriously undercut by cheaper “clones.” In the public’s estimation, the name IBM had become associated with obsolescence. Gerstner recalls that the crisis IBM was

facing became his ally in changing the organization's culture. Instead of spreading optimism about the company's future, he used the crisis at every opportunity to get buy-in from employees[41].

## Changing Leaders and Other Key Players



A leader's vision is an important factor that influences how things are done in an organization. Thus, culture change often follows changes at the highest levels of the organization. Moreover, in

order to implement the change effort quickly and efficiently, a company may find it helpful to remove managers and other powerful employees who are acting as a barrier to change. Because of political reasons, self-interest, or habits, managers may create powerful resistance to change efforts. In such cases, replacing these positions with employees and managers giving visible support to the change effort may increase the likelihood that the change effort succeeds.

For example, when Robert Iger replaced Michael Eisner as CEO of the Walt Disney Company, one of the first things he did was to abolish the central planning unit, which was staffed by people close to ex-CEO Eisner. This department was viewed as a barrier to creativity at Disney, and its removal from the company was helpful in ensuring the innovativeness of the company culture[42].

# Role Modeling

Role modeling is the process by which employees modify their own beliefs and behaviours to reflect those of the leader[43]. CEOs can model the behaviours that are expected of employees to change the culture. The ultimate goal is that these behaviours will trickle down to lower-level employees. For example, when Robert Iger took over Disney, in order to show his commitment to innovation, he personally became involved in the process of game creation, attended summits of developers, and gave feedback to programmers about the games. Thus, he modeled his engagement in the idea-creation process. In contrast, modeling inappropriate behaviour from the top will lead to the same behaviour trickling down to lower levels. A recent example of this type of role modeling is the scandal involving Hewlett-Packard Development Company LP board members. In 2006, when board members were suspected of leaking confidential company information to the press, the company's top-level executives hired a team of security experts to find the source of the leak. The investigators sought the phone records of board members, linking them to journalists. For this purpose, they posed as board members and called phone companies to obtain the itemized home phone records of board members and journalists. When the investigators' methods came to light, HP's chairman and four other top executives faced criminal and civil charges. When such behaviour is modeled at top levels, it is likely to have an adverse impact on the company culture[44].

# Training

Well-crafted training programs may be instrumental in

bringing about culture change by teaching employees new norms and behavioural styles. For example, after the space shuttle Columbia disintegrated upon reentry from a February 2003 mission, NASA decided to change its culture to become more safety sensitive and minimize decision-making errors leading to unsafe behaviours. The change effort included training programs in team processes and cognitive bias awareness. Similarly, when auto repairer Midas International Corporation felt the need to change its culture to be more committed to customers, they developed a training program making employees familiar with customer emotions and helped form better connections with them. Customer reports have been overwhelmingly positive in stores that underwent this training[45].

## Changing the Reward Systems

The criteria with which employees are rewarded and punished have a powerful role in determining the cultural values in existence. Switching from a commission-based incentive structure to a straight salary system may be instrumental in bringing about customer focus among sales employees. Moreover, by rewarding employees who embrace the company's new values and even promoting these employees, organizations can make sure that changes in culture have a lasting impact. If a company wants to develop a team-oriented culture where employees collaborate with each other, methods such as using individual-based incentives may backfire. Instead, distributing bonuses to intact teams might be more successful in bringing about culture change.

# Creating New Symbols and Stories

Finally, the success of the culture change effort may be increased by developing new rituals, symbols, and stories. Continental Airlines Inc. is a company that successfully changed its culture to be less bureaucratic and more team-oriented in the 1990s. One of the first things management did show employees that they really meant to abolish many of the detailed procedures the company had and create a culture of empowerment was to burn the heavy 800-page company policy manual in their parking lot. The new manual was only 80 pages. This action symbolized the upcoming changes in the culture and served as a powerful story that circulated among employees. Another early action was the redecorating of waiting areas and repainting of all their planes, again symbolizing the new order of things[46]. By replacing the old symbols and stories, the new symbols and stories will help enable the culture change and ensure that the new values are communicated.

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## ***Consider the following:***

1. Can new employees change a company's culture? If so, how?
2. Are there conditions under which change is not possible? If so, what would such conditions be?
3. Have you ever observed a change process at an organization you were involved with? If so, what worked well and what didn't?
4. What recommendations would you have for someone considering a major change of culture within their own organization?

# Classroom Activity: Clash, Cult, or Fun?



## Clash, Cult, or Fun?

**Learning Outcomes:** The purpose of this video is for students to be able to identify and describe an organizational culture and to identify the ways in which it has utilized the Attraction-Selection-Attrition model.

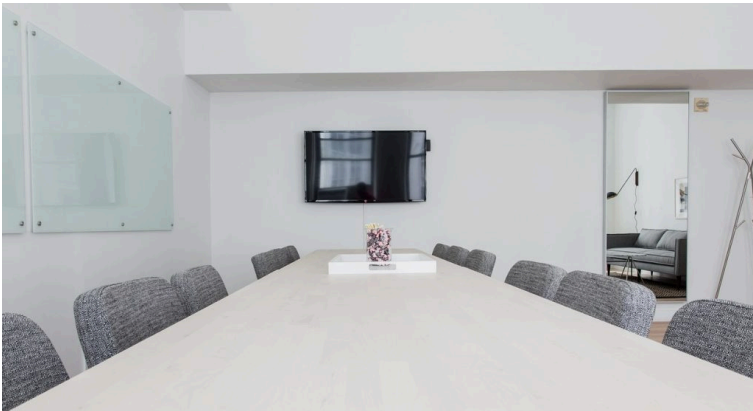
**Time frame:** 20 minutes (10 minutes video, 10 minutes class discussion)

### Instructions:

1. As a class watch the video, *Zappos is a Weird Company- and It's Happy That Way*: [https://youtu.be/5mknlg\\_Abfw](https://youtu.be/5mknlg_Abfw)
2. Would you like to work at the organization based on what you saw in the video? Why or Why not? How do you know?
3. Based on what you saw in the video, how would you describe the culture at the organization?

4. Discuss the assumptions, values and artifacts evident in the video.
5. How did the organization use the Attraction-Selection-Attrition model based on what was shown in the video?
6. Do you believe that the organization has been successful in maintaining and sustaining its organizational culture with this approach?

# Classroom Activity: Creating Culture



## Creating Culture

**Instructions:** Considering the company's goal, please identify THREE RITUALS and how these rituals would contribute towards the company's goal.

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**Scenario 1:** InnovateTech Solutions is a medium-sized technology company specializing in software development. The company has been in operation for a decade and is known for its commitment to innovation and employee development. As part of a management initiative to enhance organizational culture, they want to introduce new rituals.

**Scenario 2:** GreenScape EcoSolutions is a small-sized

environmental technology company that specializes in developing sustainable solutions for urban spaces. The company has a strong commitment to environmental conservation and has been recognized for its innovative approach to green technologies. As part of a strategic initiative to enhance employee engagement and foster a culture of sustainability, the company conducts an internal review to assess its existing practices and decided to introduce rituals.

**Scenario 3:** HealthVibes Wellness Center is a mid-sized healthcare company that focuses on holistic well-being. The organization places a strong emphasis on creating a workplace culture that promotes physical, mental, and emotional health among its employees. In response to the evolving needs of its workforce, the management conducts an internal audit to assess current practices and enhance the organizational culture. One of the audit outcomes is introducing rituals promoting organizational culture.

**Scenario 4:** HealthHub Innovations is a leading healthcare organization dedicated to leveraging technology and innovation to improve patient outcomes, streamline healthcare delivery, and enhance overall wellness. The organization is committed to staying at the forefront of healthcare advancements, prompting a review of its organizational practices to ensure it continues to provide cutting-edge healthcare solutions.

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