**CHpter 1**

1. Enter Organizational Behavior
	1. Introduction
		* **Definition:** Organizational Behavior: OB is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations for the purpose of applying such knowledge toward improving an organization’s effectiveness.
		* Organizational behavior is a field of study.
			+ OB studies three determinants of behavior in organizations: individuals, groups, and structure.
			+ OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.
			+ OB is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization.
		* There is increasing agreement as to the components of OB, but there is still considerable debate as to the relative importance of each: motivation, leader behavior and power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress.
2. Complementing Intuition with Systematic Study
	1. Introduction
		* Each of us is a student of behavior:
			+ A casual or commonsense approach to reading others can often lead to erroneous predictions.
			+ You can improve your predictive ability by replacing your intuitive opinions with a more systematic approach.
			+ The systematic approach used in this book will uncover important facts and relationships and will provide a base from which more accurate predictions of behavior can be made.
			+ Behavior generally is predictable if we know how the person perceived the situation and what is important to him or her.
			+ While people’s behavior may not appear to be rational to an outsider, there is reason to believe it usually is intended to be rational by the individual and that they see their behavior as rational.
			+ There are certain fundamental consistencies underlying the behavior of all individuals that can be identified and then modified to reflect individual differences.
				- These fundamental consistencies allow predictability.
				- There are rules (written and unwritten) in almost every setting.
				- Therefore, it can be argued that it is possible to predict behavior.
		* When we use the phrase systematic study, we mean looking at gathered information under controlled conditions and measured and interpreted in a reasonably rigorous manner.
			+ Systematic study replaces intuition, or those “gut feelings” about “why I do what I do” and “what makes others tick.” We want to move away from intuition to analysis when predicting behavior.

**Teaching Note:** At this point in the lecture you may want to introduce the Myth or Science? “*Preconceived Notions vs. Substantive Evidence”* box found in the text and at the end of this chapter. The purpose of the exercise is to replace popularly held notions with research-based conclusions. A suggestion for a class exercise follows the introduction of the material below. *■*

1. Contributing Disciplines to the OB Field

A. Introduction

* + - Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.
		- The predominant areas are psychology, sociology, social psychology, anthropology, and political science.
		- Exhibit 1–3 overviews the major contributions to the study of organizational behavior.

B. Psychology

* + - Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
			* Early industrial/organizational psychologists concerned themselves with problems of fatigue, boredom, and other factors relevant to working conditions that could impede efficient work performance.
			* More recently, their contributions have been expanded to include learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision- making processes, performance appraisals, attitude measurement, employee selection techniques, work design, and job stress.

C. Social Psychology

* + - Social psychology blends the concepts of psychology and sociology.
		- It focuses on the influence of people on one another.
		- Major area—how to implement it and how to reduce barriers to its acceptance.

D. Sociology

* + - Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings.
		- Their greatest contribution to OB is through their study of groups in organizations, particularly formal and complex organizations.

###### E. Anthropology

* + - Anthropology is the study of societies to learn about human beings and their activities.
		- Anthropologists work on cultures and environments; for instance, they have helped us understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations.
1. There Are Few Absolutes in OB
	1. Introduction
		* There are few, if any, simple and universal principles that explain organizational behavior.
		* Human beings are complex. Because they are not alike, our ability to make simple, accurate, and sweeping generalizations is limited.
		* That does not mean, of course, that we cannot offer reasonably accurate explanations of human behavior or make valid predictions. It does mean, however, that OB concepts must reflect situational, or contingency, conditions.
		* Contingency variables—situational factors are variables that moderate the relationship between the independent and dependent variables.
		* Using general concepts and then altering their application to the particular situation developed the science of OB.
		* Organizational behavior theories mirror the subject matter with which they deal.
2. Challenges and Opportunities for OB

A. Introduction

* + - There are many challenges and opportunities today for managers to use OB concepts.

B. Responding to Globalization

 1. Increased Foreign Assignments

* + - Organizations are no longer constrained by national borders.

2. Working with People from Different Cultures

* + - Globalization affects a manager’s people skills:
			* First, if you are a manager, you are increasingly likely to find yourself in a foreign assignment.
			* Second, even in your own country, you are going to find yourself working with bosses, peers, and other employees who were born and raised in different cultures.

 3. Coping with Anticapitalism Backlash

* + - * Third, economic values are not universally transferable. Management practices need to be modified to reflect the values of different cultures in which the organization operates. Not every country adheres to capitalist values.

4. Overseeing Movement of Jobs to Countries with Low-cost Labor

* + - Managers are under pressure to keep costs down to maintain competitiveness.
		- Moving jobs to low-labor cost places requires managers to deal with difficulties in balancing the interests of their organization with responsibilities to the communities in which they operate.

 5. Managing People During the War on Terror

* + - Organizations need to find ways to deal with employee fears about security precautions during this time of war.

C. Managing Workforce Diversity

 1. Introduction

* + - Workforce diversity is one of the most important and broad-based challenges currently facing organizations.
		- While globalization focuses on differences between people from different countries, workforce diversity addresses differences among people within given countries.
		- Workforce diversity means that organizations are becoming more heterogeneous in terms of gender, race, and ethnicity (Exhibit 1–4). It is an issue in Canada, Australia, South Africa, Japan, and Europe as well as the United States.

 2. Embracing Diversity

* + - A melting-pot approach assumed people who were different would automatically assimilate.
		- Employees do not set aside their cultural values and lifestyle preferences when they come to work.
		- The melting pot assumption is replaced by one that recognizes and values differences.

 3. Changing U. S. Demographics

* + - Members of diverse groups were a small percentage of the workforce and were, for the most part, ignored by large organizations. Today
			* + 47 percent of the U.S. labor force are women.
				+ Hispanics, Blacks, and Asians make up 28 percent but will grow to 49 percent by 2050.
				+ the labor force is aging. By 2014, those 55 and older will make up 20 percent of the labor force.
				+ workforce diversity has important implications for management practice.

 4. Implications

* + - organizations have shifted to recognizing differences and responding to those differences.
		- companies are providing diversity training and revamping benefit programs to accommodate the different needs of employees.

D. Improving Quality and Productivity

* + - Almost every industry suffers from excess capacity. Excess capacity translates into increased competition that forces managers to reduce costs and improve productivity and quality at the same time.
		- Implement quality management programs driven by the constant attainment of customer satisfaction through continuous improvement.
		- To improve productivity and quality, managers must include employees.

E. Responding to the Coming Labor Shortage

* + - If trends continue as expected, the United States will have a labor shortage for the next 10-15 years (particularly in skilled positions).
		- The labor shortage is a function of low birth rates and labor participation rates (immigration does little to solve the problem).
		- Wages and benefits are not enough to keep talented workers. Managers must understand human behavior and treat employees properly.

F. Improving Customer Service

* + - Today the majority of employees in developed countries work in service jobs.
		- Eighty percent of the U.S. labor force is in the service industry.
		- Examples include technical support reps, fast food counter workers, waiters, nurses, financial planners, and flight attendants.
		- Employee attitudes and behavior are associated with customer satisfaction.

G. Improving People Skills

* + - People skills are essential to managerial effectiveness.
		- OB provides the concepts and theories that allow managers to predict employee behavior in given situations.

H. Empowering People

* + - Today managers are being called coaches, advisers, sponsors, or facilitators, and in many organizations, employees are now called associates.
		- An increasing number of organizations are using self-managed teams. Managers are putting employees in charge of what they do. There is a blurring between the roles of managers and workers; decision making is being pushed down to the operating level, where workers are being given the freedom to make choices about schedules and procedures and to solve work-related problems.

Managers are empowering employees.

They are putting employees in charge of what they do.

Managers have to learn how to give up control.

Employees have to learn how to take responsibility for their work and make appropriate decisions.

 I. Stimulating Innovation and Change

* + - Successful organizations must foster innovation and master the art of change.
		- Employees can be the impetus for innovation and change or a major stumbling block.
		- Managers must stimulate employees’ creativity and tolerance for change.

 J. Coping with “Temporariness”

* + - Organizations must be flexible and fast in order to survive. Evidence of temporariness includes:

Jobs must be continually redesigned.

Tasks being done by flexible work teams rather than individuals.

Company reliance on temporary workers.

Subcontracting.

Workers need to update knowledge and skills.

Work groups are also in a continuing state of flux.

Organizations are in a constant state of flux.

Managers and employees must learn to cope with temporariness.

Learning to live with flexibility, spontaneity, and unpredictability.

* + - OB provides help in understanding a work world of continual change, how to overcome resistance to change, and how to create an organizational culture that thrives on change.

 K. Working in Networked Organizations

* + - Networked organizations are becoming more pronounced.
		- Manager’s job is fundamentally different in networked organizations. Challenges of motivating and leading “online” require different techniques.

L. Helping Employees Balance Work-Life Conflicts

* + - The creation of the global workforce means work no longer sleeps. Workers are on-call 24-hours a day or working nontraditional shifts.
		- Communication technology has provided a vehicle for working at any time or any place.
		- Employees are working longer hours per week—from 43 to 47 hours per week since 1977.
		- The lifestyles of families have changed—creating conflict: more dual career couples and single parents find it hard to fulfill commitments to home, children, spouse, parents, and friends.
		- Balancing work and life demands now surpasses job security as an employee priority.

M. Improving Ethical Behavior

* + - Ethical dilemmas are situations in which an individual is required to define right and wrong conduct.
		- Good ethical behavior is not so easily defined.
		- Organizations are distributing codes of ethics to guide employees through ethical dilemmas.
		- Managers need to create an ethically healthy climate.
1. Coming Attractions: Developing an OB Model
2. An Overview
	* + A model is an abstraction of reality, a simplified representation of some real-world phenomenon. (Exhibit 1–6 The OB Model)
		+ There are three levels of analysis in OB: individual, group, and organizational systems level.
		+ The three basic levels are analogous to building blocks; each level is constructed upon the previous level.
		+ Group concepts grow out of the foundation laid in the individual section; we overlay structural constraints on the individual and group in order to arrive at organizational behavior.

B. The Dependent Variables

 1. Introduction

* Dependent variables are the key factors that you want to explain or predict and that are affected by some other factor.
* Primary dependent variables in OB: productivity, absenteeism, turnover, job satisfactory, deviant workplace behavior, and organizational citizenship behavior.

2. Productivity

* It is achieving goals by transferring inputs to outputs at the lowest cost. This must be done both effectively and efficiency.
* An organization is effective when it successfully meets the needs of its clientele or customers.
* Example: When sales or market share goals are met, productivity also depends on achieving those goals efficiently.
* An organization is efficient when it can do so at a low cost.
* Popular measures of efficiency include: ROI, profit per dollar of sales, and output per hour of labor.
* Productivity is a major concern of OB: We want to know what factors influence the effectiveness and efficiency of individuals, groups and the company.

3. Absenteeism

* Absenteeism is the failure to report to work.
* Estimated annual cost per employee: $789 in the United States, $694 in the United Kingdom. Neither includes costs associated with lost productivity, additional costs of overtime, replacements, etc.
* All absences are not bad. For instance, in jobs in which an employee needs to be alert—consider surgeons and airline pilots, for example—it may well be better for the organization if an ill or fatigued employee does *not* report to work.

4. Turnover

* Turnover is the voluntary and involuntary permanent withdrawal from an organization.
* A high turnover rate results in increased recruiting, selection, and training costs; costs estimated at about $34,100 for a programmer and $10,445 for a lost sales clerk.

Chapter 2:

Expanded Chapter Outline

I. INTRODUCTION

* Intelligence is but one characteristic that people bring with them to organizations.
* The chapter looks at how biographical characteristics and ability affect employee performance and satisfaction.

II. ABILITY

A. Intellectual Abilities

* + - Intellectual abilities are those needed to perform mental activities.
		- IQ tests are designed to ascertain one’s general intellectual abilities. Examples of such tests are popular college admission tests such as the SAT, GMAT, and LSAT.
		- The seven most frequently cited dimensions making up intellectual abilities are: number aptitude, verbal comprehension, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization, and memory. (See Exhibit 2–1).
		- Jobs differ in the demands they place on incumbents to use their intellectual abilities. For example, the more information-processing demands that exist in a job, the more general intelligence and verbal abilities will be necessary to perform the job successfully.
		- A careful review of the evidence demonstrates that tests that assess verbal, numerical, spatial, and perceptual abilities are valid predictors of job proficiency at all levels of jobs.
		- New research in this area focuses on “multiple intelligences,” which breaks down intelligence into its four sub-parts: cognitive, social, emotional, and cultural.

B. Physical Abilities

* + - Specific physical abilities gain importance in doing less skilled and more standardized jobs.
		- Research has identified nine basic abilities involved in the performance of physical tasks. (See Exhibit 2–2)*.*
		- Individuals differ in the extent to which they have each of these abilities.
		- High employee performance is likely to be achieved when management matches the extent to which a job requires each of the nine abilities and the employees’ abilities.

**Teaching Note:** At this point in the lecture you may want to introduce the International OB box feature “The Benefits of Cultural Intelligence” found in the text and at the end of this chapter. The focus is that cultural intelligence may be a key strength in dealing with individuals and organizational members from different cultures. ■

C. The Ability-Job Fit

* + - Employee performance is enhanced when there is a high ability-job fit.
		- The specific intellectual or physical abilities required depend on the ability requirements of the job. For example, pilots need strong spatial-visualization abilities.
		- Directing attention at only the employee’s abilities or only the ability requirements of the job ignores the fact that employee performance depends on the interaction of the two.
		- When the fit is poor, employees are likely to fail.
		- When the ability-job fit is out of sync because the employee has abilities that far exceed the requirements of the job, performance is likely to be adequate but there will be organizational inefficiencies and possible declines in employee satisfaction.

III. BIOGRAPHICAL CHARACTERISTICS

* 1. Introduction
		+ Finding and analyzing the variables that have an impact on employee productivity, absence, turnover, and satisfaction is often complicated.
		+ Many of the concepts—motivation, or power, politics or organizational culture—are hard to assess.
		+ Other factors are more easily definable and readily available—data that can be obtained from an employee’s personnel file and would include characteristics such as:
* Age
* Gender
* Length of service, etc.

B. Age

* + - The relationship between age and job performance is increasing in importance.
* First, there is a widespread belief that job performance declines with increasing age.
* Second, the workforce is aging.
* Third, U.S. legislation largely outlaws mandatory retirement.
	+ - Employers’ perceptions are mixed.
* They see a number of positive qualities that older workers bring to their jobs, specifically experience, judgment, a strong work ethic, and commitment to quality.
* Older workers, however, are also perceived as lacking flexibility and as being resistant to new technology.
* Some believe that the older you get, the less likely you are to quit your job. That conclusion is based on studies of the age-turnover relationship.
* It is tempting to assume that age is also inversely related to absenteeism.
* Most studies do show an inverse relationship, but close examination finds that the age-absence relationship is partially a function of whether the absence is avoidable or unavoidable.
* In general, older employees have lower rates of avoidable absence. However, they have higher rates of unavoidable absence, probably due to their poorer health associated with aging and longer recovery periods when injured.
	+ - There is a widespread belief that productivity declines with age and that individual skills decay over time.
		- Reviews of the research find that age and job performance are unrelated.
* This seems to be true for almost all types of jobs, professional and nonprofessional.
* The relationship between age and job satisfaction is mixed.
* Most studies indicate a positive association between age and satisfaction, at least up to age 60.
* Other studies, however, have found a U-shaped relationship. When professional and nonprofessional employees are separated, satisfaction tends to continually increase among professionals as they age, whereas it falls among nonprofessionals during middle age and then rises again in the later years.

C. Gender

* + - There are few, if any, important differences between men and women that will affect their job performance, including the areas of:
* Problem-solving
* Analytical skills
* Competitive drive
* Motivation
* Sociability
* Learning ability
	+ - There is no significant difference in job productivity between men and women.
		- Women are more willing to conform to authority, and men are more aggressive and more likely than women to have expectations of success, but those differences are minor.
		- There is a difference between men and women in terms of preference for work schedules.
* Mothers of preschool children are more likely to prefer part-time work, flexible work schedules, and telecommuting in order to accommodate their family responsibilities.
	+ - Absence and turnover rates
* Women’s quit rates are similar to men’s.
* The research on absence consistently indicates that women have higher rates of absenteeism. The logical explanation: cultural expectation that has historically placed home and family responsibilities on the woman.

D. Race

* + - Race is the biological heritage people use to identify themselves.
		- Individuals tend to favor colleagues of their own race.
		- There are strong differences in attitudes toward affirmative action.
		- African-Americans fare worse than whites in employment decisions.
		- The major dilemma faced by employers who use mental ability tests is that they may have a negative impact on racial and ethnic groups.

E. Tenure

* + - The issue of the impact of job seniority on job performance has been subject to misconceptions and speculations.
		- Extensive reviews of the seniority-productivity relationship have been conducted:
* There is a positive relationship between tenure and job productivity.
* There is a negative relationship between tenure to absence.
* Tenure is also a potent variable in explaining turnover.
* Tenure has consistently been found to be negatively related to turnover and has been suggested as one of the single best predictors of turnover.
* The evidence indicates that tenure and satisfaction are positively related.

IV. LEARNING

A. Introduction

* + - Learning occurs all the time.
		- If we want to explain and predict behavior, we need to understand how people learn.

B. A Definition of Learning

* + - What is learning? A generally accepted definition is “any relatively permanent change in behavior that occurs as a result of experience.”
		- The definition suggests that we shall never see someone “learning.” We can see changes taking place but not the learning itself.
		- The definition has several components that deserve clarification:
* First, learning involves change.
* Second, the change must be relatively permanent.
* Third, our definition is concerned with behavior.
* Finally, some form of experience is necessary for learning.

C. Theories of Learning

1. Classical Conditioning

* + - Classical conditioning grew out of experiments conducted at the turn of the century by Russian physiologist, Ivan Pavlov, to teach dogs to salivate in response to the ringing of a bell.
		- Key concepts in classical conditioning [Pavlov’s experiment]
* The meat was an unconditioned stimulus; it invariably caused the dog to react in a specific way.
* The bell was an artificial stimulus, or what we call the conditioned stimulus.
* The conditioned response: This describes the behavior of the dog; it salivated in reaction to the bell alone.
	+ - Learning a conditioned response involves building up an association between a conditioned stimulus and an unconditioned stimulus.
		- When the stimuli, one compelling and the other one neutral, are paired, the neutral one becomes a conditioned stimulus and, hence, takes on the properties of the unconditioned stimulus.
		- Classical conditioning is passive—something happens, and we react in a specific way. It is elicited in response to a specific, identifiable event. It is voluntary rather than reflexive.

2. Operant Conditioning

* + - Operant conditioning argues that behavior is a function of its consequences. People learn to behave to get something they want or to avoid something they do not want.
		- The tendency to repeat such behavior is influenced by reinforcement or lack of reinforcement.
		- Harvard psychologist B.F. Skinner’s research on operant conditioning expanded our knowledge.
		- Tenets of Operant Conditioning are:
* Behavior is learned.
* People are likely to engage in desired behaviors if they are positively reinforced for doing so.
	+ - Rewards are most effective if they immediately follow the desired response.
		- Any situation in which it is either explicitly stated or implicitly suggested that reinforcements are contingent on some action on your part involves the use of operant learning.

3. Social Learning

* + - Individuals can also learn by observing what happens to other people, by being told about something, as well as by direct experiences.
		- Learning by observing is an extension of operant conditioning; it also acknowledges the existence of observational learning and the importance of perception in learning.
		- The influence of models is central to social learning.
		- Four processes determine the influence that a model will have on an individual.
* *Attentional processes.* People learn from a model only when they recognize and pay attention to its critical features.
* *Retention processes.* A model’s influence will depend on how well the individual remembers the model’s action after the model is no longer readily available.
* *Motor reproduction processes.* After a person has seen a new behavior by observing the model, the watching must be converted to doing.
* *Reinforcement processes.* Individuals will be motivated to exhibit the modeled behavior if positive incentives or rewards are provided.

**Teaching Note:** At this point in the lecture you may want to introduce the exercise found in the MYTH OR SCIENCE? *“You Can’t Teach an Old Dog New Tricks!”* box found in the text and at the end of this chapter. The purpose of the exercise is to replace popularly held notions with research-based conclusions.     ■

D. Shaping: A Managerial Tool

1. Introduction

* + - When we attempt to mold individuals by guiding their learning in graduated steps, we are shaping behavior.
		- It is done by systematically reinforcing each successive step that moves the individual closer to the desired response.

2. Methods of Shaping Behavior

* + - *Positive reinforcement*—following a response with something pleasant
		- *Negative reinforcement*—following a response by the termination or withdrawal of something unpleasant
		- Both positive and negative reinforcement result in learning. They strengthen a response and increase the probability of repetition.
		- *Punishment*—causing an unpleasant condition in an attempt to eliminate an undesirable behavior.
		- *Extinction*—eliminating any reinforcement that is maintaining a behavior. When the behavior is not reinforced, it tends to gradually be extinguished.
		- Both punishment and extinction weaken behavior and tend to decrease its subsequent frequency.
		- Reinforcement, whether it is positive or negative, has an impressive record as a shaping tool.
		- A review of research findings:
* Some type of reinforcement is necessary to produce a change in behavior.
* Some types of rewards are more effective for use in organizations than others.
* The speed with which learning takes place and the permanence of its effects will be determined by the timing of reinforcement. This point is extremely important and deserves considerable elaboration.

**Teaching Note:** At this point in the lecture you may want to introduce the OB IN THE NEWS: *Learning How to Reward CEOs* box found in the text and at the end of this chapter. The purpose of the exercise is to help students better understand how learning theory is applied to situations that occur in daily business life. A suggestion for a class exercise follows the introduction of the material in the box. ■

3. Schedules of Reinforcement

* The two major types of reinforcement schedules are: (1) continuous and (2) intermittent.
* A continuous reinforcement schedule reinforces the desired behavior each and every time it is demonstrated.
* In an intermittent schedule, not every instance of the desirable behavior is reinforced, but reinforcement is given often enough to make the behavior worth repeating.
* It can be compared to the workings of a slot machine.
* The intermittent payoffs occur just often enough to reinforce behavior.
* Evidence indicates that the intermittent, or varied, form of reinforcement tends to promote more resistance to extinction than does the continuous form.
* An intermittent reinforcement can be of a ratio or interval type.
* Ratio schedules depend upon how many responses the subject makes; the individual is reinforced after giving a certain number of specific types of behavior. Interval schedules depend upon how much time has passed since the last reinforcement; the individual is reinforced on the first appropriate behavior after a particular time has elapsed.
* A reinforcement can also be classified as fixed or variable.
* Intermittent techniques can be placed into four categories, as shown in Exhibit 2–5.
* Fixed-interval reinforcement schedule—rewards are spaced at uniform time intervals; the critical variable is time, and it is held constant. An example:
* This is the predominant schedule for most salaried workers in North America—the paycheck.
* Variable-interval reinforcements—rewards are distributed in time so that reinforcements are unpredictable.
* Pop quizzes
* A series of randomly timed unannounced visits to a company office by the corporate audit staff
* In a fixed-ratio schedule, after a fixed or constant number of responses are given, a reward is initiated.
* A piece-rate incentive plan is a fixed-ratio schedule.
* When the reward varies relative to the behavior of the individual, he or she is said to be reinforced on a variable-ratio schedule.
* Salespeople on commission

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Positive Reinforcement vs. Punishment* found in the text and at the end of this chapter. (Allow 20-25 minutes for the exercise). ■

4. Reinforcement Schedules and Behavior

* + - * + Continuous reinforcement schedules can lead to early satiation. Under this schedule, behavior tends to weaken rapidly when reinforcers are withheld.
				+ Continuous reinforcers are appropriate for newly emitted, unstable, or low-frequency responses.
				+ Intermittent reinforcers preclude early satiation because they do not follow every response.
				+ They are appropriate for stable or high-frequency responses.
				+ In general, variable schedules tend to lead to higher performance than fixed schedules. (Exhibit 2–5)
				+ Variable-interval schedules generate high rates of response and more stable and consistent behavior because of a high correlation between performance and reward. The employee tends to be more alert since there is a surprise factor.

5. Behavior Modification

* + - * + A classic study was conducted at Emery Air Freight (now part of Federal Express):
				+ Emery’s management wanted packers to use freight containers for shipments whenever possible. Packers intuitively felt that 90 percent of shipments were containerized. An analysis showed that it was only 45 percent. Management established a program of feedback and positive reinforcements by asking each packer to keep a checklist of his or her daily packings, both containerized and noncontainerized. At the end of each day, the packer computed his or her container utilization rate. Container utilization jumped to more than 90 percent on the first day of the program and held. This simple program of feedback and positive reinforcements saved the company $2 million over a three-year period.
				+ This program at Emery Air Freight illustrates OB Modification.
				+ The typical OB Mod program follows a five-step problem-solving model:
				+ Identifying critical behaviors
* Critical behaviors make a significant impact on the employee’s job performance. Critical behaviors are those 5–10 percent of behaviors that may account for up to 70 or 80 percent of each employee’s performance.
	+ - * + Developing baseline data
* Developing baseline data determines the number of times the identified behavior is occurring under present conditions.
	+ - * + Identifying behavior consequences
* Identifying behavioral consequences tells the manager the antecedent cues that emit the behavior and the consequences that are currently maintaining it.
	+ - * + Developing and implementing an intervention strategy
* Developing and implementing an intervention strategy will entail changing some elements of the performance-reward linkage-structure, processes, technology, groups, or the task—with the goal of making high-level performance more rewarding.
	+ - * + Evaluating performance improvement
* Evaluating performance improvement is important to demonstrate that a change took place as a result of the intervention strategy.
	+ - * + OB Mod has been used by a number of organizations to improve employee productivity and to reduce errors, absenteeism, tardiness, accident rates, and improve friendliness toward customers.

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Is OB Mod a Form of Manipulation?* as a class discussion. ■

6. Problems with OB Mod and Reinforcement Theory

* + - * Thoughts and feelings are disregarded by Reinforcement Theory
			* Often stimuli may present be presented without a particular behavioral response considered
			* Reinforcement Theory does not include elements of cognition

Chapter 3

Expanded Chapter Outline

1. ATTITUDES

A. Introduction

* + - Attitudes are evaluative statements that are either favorable or unfavorable concerning objects, people, or events.
		- Attitudes are not the same as values, but the two are interrelated.

 B. What Are the Main Components of Attitudes?

* + - Three components of an attitude
			* Cognitive component
		- The employee thought he deserved the promotion (cognitive)
			* Affective component
		- The employee strongly dislikes his supervisor (affective)
			* Behavioral component
		- The employee is looking for another job (behavioral)
		- In organizations, attitudes are important because of the behavioral component

C. How Consistent Are Attitudes?

* + - People sometimes change what they say so it does not contradict what they do.
		- Research has generally concluded that people seek consistency among their attitudes and between their attitudes and their behavior.
		- Individuals seek to reconcile divergent attitudes and align their attitudes and behavior so they appear rational and consistent.
		- When there is an inconsistency, forces are initiated to return the individual to an equilibrium state where attitudes and behavior are again consistent, by altering either the attitudes or the behavior, or by developing a rationalization for the discrepancy.
		- Cognitive Dissonance Theory
			* Leon Festinger, in the late 1950s, proposed the theory of cognitive dissonance, seeking to explain the linkage between attitudes and behavior. He argued that any form of inconsistency is uncomfortable and that individuals will attempt to reduce the dissonance.
				+ *Dissonance* means “an inconsistency.”
				+ *Cognitive dissonance* refers to “any incompatibility that an individual might perceive between two or more of his/her attitudes, or between his/her behavior and attitudes. “
				+ No individual can completely avoid dissonance.
				+ The desire to reduce dissonance would be determined by:
			* The importance of the elements creating the dissonance. Importance: If the elements creating the dissonance are relatively unimportant, the pressure to correct this imbalance will be low.
			* The degree of influence the individual believes he/she has over the elements. Influence: If the dissonance is perceived as an uncontrollable result, they are less likely to be receptive to attitude change. While dissonance exists, it can be rationalized and justified.
			* The rewards that may be involved in dissonance. Rewards: The inherent tension in high dissonance tends to be reduced with high rewards.
				+ Moderating factors suggest that individuals will not necessarily move to reduce dissonance.

D. Does Behavior Always Follow from Attitudes?

 1. Introduction

* + - People sometimes change what they say so it does not contradict what they do.
		- Research has generally concluded that people seek consistency among their attitudes and between their attitudes and their behavior.
		- Individuals seek to reconcile divergent attitudes and align their attitudes and behavior so they appear rational and consistent.
		- When there is an inconsistency, forces are initiated to return the individual to an equilibrium state where attitudes and behavior are again consistent, by altering either the attitudes or the behavior, or by developing a rationalization for the discrepancy.

2. Moderating Variables

* + - Importance of the attitude
		- Specificity of the attitude
		- Accessibility
		- Social Pressures
		- Direct experience with the attitude

3. Self-Perception Theory

* + - Researchers have achieved still higher correlations by pursuing whether or not behavior influences attitudes.
		- Self-perception theory argues that attitudes are used to make sense out of an action that has already occurred rather than devices that precede and guide action. Example: I’ve had this job for 10 years; no one has forced me to stay, so I must like it!
		- Contrary to cognitive dissonance theory, attitudes are just casual verbal statements; they tend to create plausible answers for what has already occurred.
		- While the traditional attitude-behavior relationship is generally positive, the behavior-attitude relationship is stronger particularly when attitudes are vague and ambiguous or little thought has been given to it previously.

E. What Are the Major Job Attitudes?

 1. Introduction

* + - OB focuses our attention on a very limited number of job-related attitudes. Most of the research in OB has been concerned with three attitudes: job satisfaction, job involvement, and organizational commitment.

2. Job Satisfaction

* + - **Definition**: refers to a collection of feelings that an individual holds toward his or her job.
		- A high level of job satisfaction equals positive attitudes toward the job and vice versa.
		- Employee attitudes and job satisfaction are frequently used interchangeably.
		- Often when people speak of “employee attitudes” they mean “employee job satisfaction.”

3. Job Involvement

* + - A workable definition: the measure of the degree to which a person identifies psychologically with his/her job and considers his/her perceived performance level important to self-worth.
		- High levels of job involvement are thought to result in fewer absences and lower resignation rates.
		- Job involvement more consistently predicts turnover than absenteeism.
			* + Psychological empowerment—employees’ beliefs in the degree to which they impact their work

4. Organizational Commitment

* + - **Definition**: A state in which an employee identifies with a particular organization and its goals.
			* + **Affective Commitment**—emotional attachment to the organization and belief in its values
				+ **Continuance Commitment**—value of remaining with an organization compared to alternatives
				+ **Normative Commitment**—obligation to remain with the organization for moral or ethical reasons
		- Research evidence demonstrates negative relationships between organizational commitment and both absenteeism and turnover.
			* + An individual’s level of organizational commitment is a better indicator of turnover than the far more frequently used job satisfaction predictor because it is a more global and enduring response to the organization as a whole than is job satisfaction.
				+ This evidence, most of which is more than three decades old, needs to be qualified to reflect the changing employee-employer relationship.
				+ Organizational commitment is probably less important as a job-related attitude than it once was because the unwritten “loyalty” contract in place when this research was conducted is no longer in place. In its place, we might expect “occupational commitment” to become a more relevant variable because it better reflects today’s fluid workforce.

**Teaching Note:** At this point in the lecture you may want to introduce the exercise Point/Counterpoint: *Managers Can Create Satisfied Employees* found in the text and in this chapter. The purpose of the exercise is to replace popularly held notions with research-based conclusions. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the International OB box feature in the text “Chinese Employees and Organizational Commitment.” The degree to which the three types of commitment are expressed varies across cultures. ■

5. Other Job Attitudes

* + - Perceived organizational support (POS)—degree to which employees believe the organization values their contribution and cares about their well being
		- Employee engagement—individual’s involvement with, satisfaction with, and enthusiasm for, the work she does

6. Are These Job Attitudes Really All That Distinct?

* + - Attitudes are highly related. Example: If you know someone’s affective commitment, you basically know their perceived organizational support.
		- The redundancy is inefficient and confusing.

F. How Are Employee Attitudes Measured?

* + - The most popular method for getting information about employee attitudes is through attitude surveys.
		- Using attitude surveys on a regular basis provides managers with valuable feedback on how employees perceive their working conditions. Managers present the employee with set statements or questions to obtain specific information.
		- Policies and practices that management views as objective and fair may be seen as inequitable by employees in general or by certain groups of employees and can lead to negative attitudes about the job and the organization.

*G. What Is the Importance of* Attitudes to Workplace Diversity?

* + - Managers are concerned with changing employee attitudes to reflect shifting perspectives on racial, gender, and other diversity issues.
		- Majority of large U.S. employers and a substantial proportion of medium-sized and smaller employers sponsor some sort of diversity training.
		- These diversity programs include a self-evaluation phase where people are pressed to examine themselves and to confront ethnic and cultural stereotypes they might hold. This is followed by discussion with people from diverse groups.
		- Additional activities designed to change attitudes include arranging for people to do volunteer work in community or social service centers in order to meet face-to-face with individuals and groups from diverse backgrounds, and using exercises that let participants feel what it is like to be different.

**Teaching Note:** You may want to have students discuss the results from SAL “What Are My Attitudes Toward Workplace Diversity?” ■

***OR***

**Teaching Note:** You may want to discuss the “CASE INCIDENT Albertsons Works on Employee Attitudes” found in the text and at the end of the chapter. ■

1. Job Satisfaction

A. Measuring Job Satisfaction

* + - Job satisfaction is “an individual’s general attitude toward his/her job.”
		- Jobs require interaction with coworkers and bosses, following organizational rules and policies, meeting performance standards, living with working conditions that are often less than ideal, and the like. This means that an employee’s assessment of how satisfied or dissatisfied he or she is with his/her job is a complex summation of a number of discrete job elements.
		- The two most widely used approaches are a single global rating and a summation score made up of a number of job facets.
			* The single global rating method is nothing more than asking individuals to respond to one question, such as “All things considered, how satisfied are you with your job?”
				+ A summation of job facets is more sophisticated:

It identifies key elements in a job and asks for the employee’s feelings about each one ranked on a standardized scale.

Typical factors that would be included are the nature of the work, supervision, present pay, promotion opportunities, and relations with coworkers.

* + - * Comparing these approaches, simplicity seems to work as well as complexity. Comparisons of one-question global ratings with the summation-of-job-factors method indicate both are valid.

B. How Satisfied Are People in Their Jobs?

* + - Most people are satisfied with their jobs in the developed countries surveyed.
		- Research shows that over the past 30 years, the majority of U.S. workers have been satisfied with their jobs
		- Workers do seem to be less satisfied with their pay and promotion opportunities.

**Teaching Note:** You may want to have students discuss the results from SAL “How Satisfied Am I with My Job? ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the exercise found in the MYTH OR SCIENCE? “Happy Workers Are Productive Workers” box found in the text. The purpose of the exercise is to replace popularly held notions with research-based conclusions. ■

C. What Causes Job Satisfaction?

* + - Most people prefer work that is challenging and stimulating.
		- Jobs with good compensation have average job satisfaction levels.
		- Money may be a motivator, but may not stimulate job satisfaction.
		- There is a link between a person’s personality and job satisfaction.

D. The Impact of Dissatisfied and Satisfied Employees on the Workplace

 I. Introduction

* + - There are a number of ways employees can express dissatisfaction (Exhibit 3–5):
		- **Exit:** Behavior directed toward leaving the organization, including looking for a new position as well as resigning.
		- **Voice:** Actively and constructively attempting to improve conditions, including suggesting improvements, discussing problems with superiors, and some forms of union activity.
		- **Loyalty:** Passively but optimistically waiting for conditions to improve, including speaking up for the organization in the face of external criticism, and trusting the organization and its management to “do the right thing.”
		- **Neglect:** Passively allowing conditions to worsen, including chronic absenteeism or lateness, reduced effort, and increased error rate.
		- Exit and neglect behaviors encompass our performance variables—productivity, absenteeism, and turnover.
		- Voice and loyalty are constructive behaviors allow individuals to tolerate unpleasant situations or to revive satisfactory working conditions. It helps us to understand situations, such as those sometimes found among unionized workers, where low job satisfaction is coupled with low turnover.

**Teaching Note:** You may want to have students discuss the results from SAL “How Involved Am I in My Job? ■

2. Job Satisfaction and Job Performance

* + - Managers’ interest in job satisfaction tends to center on its effect on employee performance. Much research has been done on the impact of job satisfaction on employee job performance, absenteeism, and turnover.
		- Satisfaction and job performance:
		- Happy workers are not necessarily productive workers—the evidence suggests that productivity is likely to lead to satisfaction.
		- At the organization level, there is renewed support for the original satisfaction-performance relationship. It seems organizations with more satisfied workers as a whole are more productive organizations.

3. Job Satisfaction and OCB

* + - It seems logical to assume that job satisfaction should be a major determinant of an employee’s organizational citizenship behavior. More recent evidence, however, suggests that satisfaction influences OCB, but through perceptions of fairness.
		- There is a modest overall relationship between job satisfaction and OCB.
		- Basically, job satisfaction comes down to conceptions of fair outcomes, treatment, and procedures. When you trust your employer, you are more likely to engage in behaviors that go beyond your formal job requirements.

4. Job Satisfaction and Customer Satisfaction

* + - Evidence indicates that satisfied employees increase customer satisfaction and loyalty.
		- Customer retention and defection are highly dependent on how front-line employees deal with customers. Satisfied employees are more likely to be friendly, upbeat, and responsive. Customers appreciate that.
		- Companies hire upbeat, friendly employees, train them in the importance of customer service, provide positive employee work climates, and regularly track employee satisfaction through attitude surveys.

5. Job Satisfaction and Absenteeism

* + - We find a consistent negative relationship between satisfaction and absenteeism. The more satisfied you are, the less likely you are to miss work.
		- It makes sense that dissatisfied employees are more likely to miss work, but other factors have an impact on the relationship and reduce the correlation coefficient. For example, you might be a satisfied worker, yet still take a “mental health day” to head for the beach now and again.

6. Job Satisfaction and Turnover

* + - Satisfaction is also negatively related to turnover, but the correlation is stronger than what we found for absenteeism.
		- Other factors such as labor market conditions, expectations about alternative job opportunities, and length of tenure with the organization are important constraints on the actual decision to leave one’s current job.
		- Evidence indicates that an important moderator of the satisfaction-turnover relationship is the employee’s level of performance.

**Teaching Note:** At this point in the lecture you may want to introduce the exercise, Ethical Dilemma: *Are Americans Overworked?* found in the textbook and at the end of this chapter. The purpose of the exercise is to provide the opportunity for students to understand that ethical situations are not always black or white and must be given consideration as business decisions are made. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the Team Exercise: *Self-Employment and Job Satisfaction* found in the text and at the end of this chapter. The purpose of this exercise is to give the students an opportunity to develop awareness of how to effectively work with another culture when doing business. ■

7. Job Satisfaction and Workplace Deviance

* + - If employees don’t like their work environment, they will respond somehow.
		- Job dissatisfaction predicts unionization, substance abuse, stealing, and tardiness.
		- Implications for Managers
		- Attitudes give warnings of potential problems and behavior.
		- Managers should focus on the intrinsic parts of the job.
1. SUMMARY AND IMPLICATIONS FOR MANAGERS
	* Managers should take a keen interest in employees’ attitudes because they often signal approaching problems
	* Negative attitudes can lead to withdrawal behaviors
	* Focusing on the intrinsic part of the employees’ jobs is the most important thing a manager can do
	* It is important for managers to always remember that an employee will try to reduce any cognitive dissonance

Chapter 4

Expanded Chapter Outline

1. Personality

A. What Is Personality?

* Personality is a dynamic concept describing the growth and development of a person’s whole psychological system; it looks at some aggregate whole that is greater than the sum of the parts.
* Gordon Allport coined the most frequent used definition:
	+ - “The dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment”
* The text defines personality as the sum total of ways in which an individual reacts to and interacts with others.
* It is most often described in terms of measurable traits that a person exhibits.

B. Personality Determinants

 1. Introduction

* An early argument centered on whether or not personality was the result of heredity or of environment.
	+ - Personality appears to be a result of both influences.
		- Today, we recognize a third factor—the situation.
		- Situation:
			* Influences the effects of heredity and environment on personality
			* The different demands of different situations call forth different aspects of one’s personality.
			* There is no classification scheme that tells the impact of various types of situations.
			* Situations seem to differ substantially in the constraints they impose on behavior.

2. Heredity

* Heredity refers to those factors that were determined at conception.
* The heredity approach argues that the ultimate explanation of an individual’s personality is the molecular structure of the genes, located in the chromosomes.
* Three different streams of research lend some credibility to the heredity argument:
	+ - The genetic underpinnings of human behavior and temperament among young children. Evidence demonstrates that traits such as shyness, fear, and distress are most likely caused by inherited genetic characteristics.
		- One hundred sets of identical twins that were separated at birth were studied. Genetics accounts for about 50 percent of the variation in personality differences and over 30 percent of occupational and leisure interest variation.
		- Individual job satisfaction is remarkably stable over time. This indicates that satisfaction is determined by something inherent in the person rather than by external environmental factors.
* Personality characteristics are not completely dictated by heredity. If they were, they would be fixed at birth and no amount of experience could alter them.

3. Environment

* Factors that exert pressures on our personality formation:
	+ - The culture in which we are raised
		- Early conditioning
		- Norms among our family
		- Friends and social groups
* The environment we are exposed to plays a substantial role in shaping our personalities.
* Culture establishes the norms, attitudes, and values passed from one generation to the next and create consistencies over time.
* The arguments for heredity or environment as the primary determinant of personality are both important.
* Heredity sets the parameters or outer limits, but an individual’s full potential will be determined by how well he or she adjusts to the demands and requirements of the environment.

C. Personality Traits

 1. Introduction

* Early work revolved around attempts to identify and label enduring characteristics.
	+ - Popular characteristics include shy, aggressive, submissive, lazy, ambitious, loyal, and timid. These are personality traits.
		- The more consistent the characteristic, the more frequently it occurs, the more important it is.
* Researchers believe that personality traits can help in employee selection, job fit, and career development.

2. The Myers-Briggs Type Indicator

* One of the most widely used personality frameworks is the Myers-Briggs Type Indicator (MBTI).
* It is a 100-question personality test that asks people how they usually feel or act in particular situations.
* Individuals are classified as:
	+ - Extroverted or introverted (E or I).
		- Sensing or intuitive (S or N).
		- Thinking or feeling (T or F).
		- Perceiving or judging (P or J).
* These classifications are then combined into sixteen personality types. For example:
	+ - INTJs are visionaries. They usually have original minds and great drive for their own ideas and purposes. They are characterized as skeptical, critical, independent, determined, and often stubborn.
		- ESTJs are organizers. They are realistic, logical, analytical, decisive, and have a natural head for business or mechanics.
		- The ENTP type is a conceptualizer. He or she is innovative, individualistic, versatile, and attracted to entrepreneurial ideas. This person tends to be resourceful in solving challenging problems but may neglect routine assignments.
* MBTI is widely used in practice. Some organizations using it include Apple Computer, AT&T, Citigroup, GE, 3M Co. and others.

3. The Big Five Model

* An impressive body of research supports that five basic dimensions underlie all other personality dimensions. The five basic dimensions are:
	+ - **Extraversion.** Comfort level with relationships. Extroverts tend to be gregarious, assertive, and sociable. Introverts tend to be reserved, timid, and quiet.
		- **Agreeableness.** Individual’s propensity to defer to others. High agreeableness people—cooperative, warm, and trusting. Low agreeableness people—cold, disagreeable, and antagonistic.
		- **Conscientiousness.** A measure of reliability. A high conscientious person is responsible, organized, dependable, and persistent. Those who score low on this dimension are easily distracted, disorganized, and unreliable.
		- **Emotional stability.** A person’s ability to withstand stress. People with positive emotional stability tend to be calm, self-confident, and secure. Those with high negative scores tend to be nervous, anxious, depressed, and insecure.
		- **Openness to experience.** The range of interests and fascination with novelty. Extremely open people are creative, curious, and artistically sensitive. Those at the other end of the openness category are conventional and find comfort in the familiar.
* Research found important relationships between these personality dimensions and job performance.
	+ - A broad spectrum of occupations was examined in addition to job performance ratings, training proficiency (performance during training programs), and personnel data such as salary level.
		- The results showed that conscientiousness predicted job performance for all occupational groups.
		- Individuals who are dependable, reliable, careful, thorough, able to plan, organized, hardworking, persistent, and achievement-oriented tend to have higher job performance.
		- Employees higher in conscientiousness develop higher levels of job knowledge.
		- There is a strong and consistent relationship between conscientiousness and organizational citizenship behavior (OCB).
		- For the other personality dimensions, predictability depended upon both the performance criterion and the occupational group.
		- Extroversion predicts performance in managerial and sales positions.
		- Openness to experience is important in predicting training proficiency.

D. Measuring Personality

* There are three ways to measure an individual’s personality. These include:
	+ - Self-report surveys
* Individuals may fake their answers.
	+ - Observer-ratings surveys
* Observer-ratings are better predictors of success on the job
	+ - Projective measures
* These can often be costly because they are scored by a clinician.
* Studies show projective surveys are not very effective.

**Teaching Note:** At this point in the lecture you may want to introduce the exercise found in the MYTH OR SCIENCE? *Deep Down, People Are All Alike* box found in the text. The purpose of the exercise is to replace popularly held notions with research-based conclusions. A class exercise suggestion and questions follows the introduction of the material. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *The Rise and Fall of Carly Fiorina* found in the text and at the end of the chapter. Questions can be found at the end of this chapter. A class exercise suggestion follows the introduction of the material. ■

E. Major Personality Attributes Influencing OB

1. Core Self-Evaluation (Self-perspective)

* People who have a positive core self-evaluation see themselves as effective, capable, and in control.
* People who have a negative core self-evaluation tend to dislike themselves.
* Locus of control
	+ - A person’s perception of the source of his/her fate is termed locus of control.
		- There is not a clear relationship between locus of control and turnover because there are opposing forces at work.
		- *Internals*: People who believe that they are masters of their own fate
		- Internals, facing the same situation, attribute organizational outcomes to their own actions. Internals believe that health is substantially under their own control through proper habits; their incidences of sickness and, hence, their absenteeism, are lower.
		- Internals generally perform better on their jobs, but one should consider differences in jobs.
		- Internals search more actively for information before making a decision, are more motivated to achieve, and make a greater attempt to control their environment, therefore, internals do well on sophisticated tasks.
		- Internals are more suited to jobs that require initiative and independence of action.
		- *Externals*: People who believe they are pawns of fate
		- Individuals who rate high in externality are less satisfied with their jobs, have higher absenteeism rates, are more alienated from the work setting, and are less involved on their jobs than are internals.
		- Externals are more compliant and willing to follow directions, and do well on jobs that are well structured and routine and in which success depends heavily on complying with the direction of others.
* Self-esteem
	+ - Self-esteem—the degree to which people like or dislike themselves.
		- (SE) is directly related to expectations for success.
		- Individuals with high self-esteem will take more risks in job selection and are more likely to choose unconventional jobs than people with low self-esteem.
		- The most generalizable finding is that low SEs are more susceptible to external influence than are high SEs. Low SEs are dependent on the receipt of positive evaluations from others.
		- In managerial positions, low SEs will tend to be concerned with pleasing others.
		- High SEs are more satisfied with their jobs than are low SEs.

2. Machiavellianism

* Named after Niccolo Machiavelli, who wrote in the sixteenth century on how to gain and use power.
* An individual high in Machiavellianism is pragmatic, maintains emotional distance, and believes that ends can justify means.
* High Machs manipulate more, win more, are persuaded less, and persuade others more.
* High Mach outcomes are moderated by situational factors and flourish when they interact face-to-face with others, rather than indirectly, and when the situation has a minimum number of rules and regulations, thus allowing latitude for improvisation.
* High Machs make good employees in jobs that require bargaining skills or that offer substantial rewards for winning.

3. Narcissism

* Describes a person who has a grandiose sense of self-importance
* They “think” they are better leaders.
* Often they are selfish and exploitive.

4. Self-Monitoring

* This refers to an individual’s ability to adjust his or her behavior to external, situational factors.
* Individuals high in self-monitoring show considerable adaptability. They are highly sensitive to external cues, can behave differently in different situations, and are capable of presenting striking contradictions between their public persona and their private self.
* Low self-monitors cannot disguise themselves in that way. They tend to display their true dispositions and attitudes in every situation resulting in a high behavioral consistency between who they are and what they do.
* The research on self-monitoring is in its infancy, so predictions must be guarded. Preliminary evidence suggests:
	+ - High self-monitors tend to pay closer attention to the behavior of others.
		- High self-monitoring managers tend to be more mobile in their careers and receive more promotions.
		- High self-monitor is capable of putting on different “faces” for different audiences.

5. Risk Taking

* The propensity to assume or avoid risk has been shown to have an impact on how long it takes managers to make a decision and how much information they require before making their choice.
* High risk-taking managers make more rapid decisions and use less information in making their choices.
* Managers in large organizations tend to be risk averse; especially in contrast with growth-oriented entrepreneurs.
* Makes sense to consider aligning risk-taking propensity with specific job demands

6. Type A Personality

* Type A personality is “aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and, if required to do so, against the opposing efforts of other things or other persons.’’
* They are always moving, walking, and eating rapidly, are impatient with the rate at which most events take place, are doing do two or more things at once and cannot cope with leisure time.
* They are obsessed with numbers, measuring their success in terms of how many or how much of everything they acquire.
* In contrast to the Type A personality is the Type B Personality.
	+ - Type B’s never suffer from a sense of time urgency with its accompanying impatience.
		- Type B’s feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation.
		- Type B’s play for fun and relaxation, rather than exhibit their superiority at any cost.
		- They can relax without guilt.
* Type A personality compared to Type B personality
	+ - Type A’s operate under moderate to high levels of stress. They subject themselves to continuous time pressure, are fast workers, quantity over quality, work long hours, and are also rarely creative.
		- Type A’s behavior is easier to predict than that of Type B’s.
		- Do Type A’s differ from Type B’s in their ability to get hired?
* Type A’s do better in job interviews; are more likely to be judged as having desirable traits such as high drive, competence, and success motivation.

7. Proactive Personality

* Actively taking the initiative to improve their current circumstances while others sit by passively
* Proactives identify opportunities, show initiative, take action, and persevere.
* Create positive change in their environment.
* More likely to be seen as leaders and change agents
* More likely to achieve career success

F. Personality and National Culture

* The five personality factors identified in the Big Five model are found in almost all cross-cultural studies.
* There are no common personality types for a given country.
* There are Type A’s in every country, but they tend to be more found in capitalist countries.

**Teaching Note:** At this point in the lecture you may want to introduce the INTERNATIONAL OB box: *A Global Personality* found in the text and at the end of this chapter. When it comes to making job assignments globally, personality does make a difference.

1. Values

 A. Introduction

* Values Represent Basic Convictions
	+ - A specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.
		- They have both content and intensity attributes.
		- An individual’s set of values ranked in terms of intensity is considered the person’s value system.
		- Values have the tendency to be stable.
		- Many of our values were established in our early years from parents, teachers, friends, and others.

B. Importance of Values

* Values lay the foundation for the understanding of attitudes and motivation.
* Values generally influence attitudes and behaviors. We can predict reaction based on understanding values.

C. Types of Values (Value Classifications)

1. Rokeach Value Survey (Exhibit 4–3)

* This instrument contains two sets of values; each set has 18 value items.
	+ - Terminal Values—refer to desirable end states of existence.

The goals that a person would like to achieve during his/her lifetime

* + - Instrumental Values—refer to preferable modes of behavior.

Means of achieving the terminal values

* + - Several studies confirm that the RVS values vary among groups.
		- People in the same occupations or categories tend to hold similar values.
		- Although there may be overlap among groups, there are some significant differences as well.

2. Contemporary Work Cohorts

* Different generations hold different work values.
	+ - Veterans—entered the workforce from the early 1940s through the early 1960s.
		- Boomers—entered the workforce during the 1960s through the mid-1980s.
		- Xers—entered the workforce beginning in the mid-1980s.
		- Nexters—most recent entrants into the workforce.

D. Values, Loyalty, and Ethical Behavior

* Many people think there has been a decline in business ethics since the late 1970s.
* The four-stage model of work cohort values might explain this perception (Exhibit 4–5.
* Managers consistently report the action of bosses as the most important factor influencing ethical and unethical behavior in organizations.

E. Values Across Cultures

 1. Introduction

* Values differ across cultures; therefore, understanding these differences helps to explain and to predict behavior of employees from different countries. One of the most widely referenced approaches for analyzing variations among cultures has been done by Geert Hofstede.

2. Hofstede’s Framework for Assessing Cultures

* Five value dimensions of national culture:
	+ - **Power distance:** The degree to which people in a country accept that power in institutions and organizations is distributed unequally.
		- **Individualism** versus **collectivism:** Individualism is the degree to which people in a country prefer to act as individuals rather than as members of groups. Collectivism equals low individualism.
		- **Masculinity** versus **femininity:** Masculinity is the degree to which values such as the acquisition of money and material goods prevail. Femininity is the degree to which people value relationships and show sensitivity and concern for others.
		- **Uncertainty avoidance:** The degree to which people in a country prefer structured over unstructured situations.
		- **Long-term** versus **short-term orientation:** Long-term orientations look to the future and value thrift and persistence. Short-term orientation values the past and present and emphasizes respect for tradition and fulfilling social obligations.
* Hofstede Research Findings:
	+ - Asian countries were more collectivist than individualistic.
		- United States ranked highest on individualism.
		- German and Hong Kong rated high on masculinity.
		- Russia and The Netherlands were low on masculinity.
		- China and Hong Kong had a long-term orientation.
		- France and the United States had short-term orientation.

3. The GLOBE Framework for Assessing Cultures

* Hofstede’s work is the basic framework for assessing cultures. However, it is nearly 30 years old. In 1993, the Global Leadership and Organizational Behavior Effectiveness (GLOBE) began updating this research with data from 825 organizations and 62 countries.
* GLOBE Framework for Assessing Cultures (Exhibit 4–7):
	+ - **Assertiveness:** The extent to which a society encourages people to be tough, confrontational, assertive, and competitive versus modest and tender.
		- **Future orientation:** The extent to which a society encourages and rewards future-oriented behaviors such as planning, investing in the future and delaying gratification.
		- **Gender differentiation:** The extent to which a society maximized gender role differences.
		- **Uncertainly avoidance:** Society’s reliance on social norms and procedures to alleviate the unpredictability of future events.
		- **Power distance:** The degree to which members of a society expect power to be unequally shared.
		- **Individualism/collectivism:** The degree to which individuals are encouraged by societal institutions to be integrated into groups within organizations and society.
		- **In-group collectivism:** The extent to which society’s members take pride in membership in small groups such as their families and circles of close friends, and the organizations where they are employed.
		- **Performance orientation:** The degree to which society encourages and rewards group members for performance improvement and excellence.
		- **Humane orientation:** The degree to which a society encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others.
* GLOBE Research Findings:
	+ - The GLOBE study had extended Hofstede’s work rather than replaced it.
		- It confirms Hofstede’s five dimensions are still valid and provides updated measures of where countries are on each dimension. For example, the United States in the 70s led the world in individualism—today, it is in the mid-ranks of countries.
1. Implications for OB
* Twenty years ago organizational behavior had a strong American bias
* Many of the studies were completed with only American samples
* Now there has been an increase in cross-cultural research
* OB is a global discipline
1. Linking an Individual’s Personality and Values to the Workplace

A. The Person-Job Fit:

* This concern is best articulated in John Holland’s personality-job fit theory.
	+ - Holland presents six personality types and proposes that satisfaction and the propensity to leave a job depends on the degree to which individuals successfully match their personalities to an occupational environment.
	+ The six personality types are: realistic, investigative, social, conventional, enterprising, and artistic
		- Each one of the six personality types has a congruent occupational environment.
		- Vocational Preference Inventory questionnaire contains 160 occupational titles. Respondents indicate which of these occupations they like or dislike; their answers are used to form personality profiles.
		- The theory argues that satisfaction is highest and turnover lowest when personality and occupation are in agreement.

B. The Person-Organization Fit

* Most important for an organization facing a dynamic and changing environment, and requiring employees who are able to readily change tasks and move fluidly between teams
* It argues that people leave jobs that are not compatible with their personalities.
* Organizational Culture Profile (OCP)
	+ - Individuals have to sort their values in terms of importance.
		- Forced choice rationale—having to make hard choices that one’s true values become apparent
		- Match personal values to those of the organization.

**Teaching Note:** At this point in the lecture you may want to introduce the Team Exercise: *Challenges in Negotiating with Chinese Executives* found in the text and at the end of this chapter. The purpose of this exercise is to give students an opportunity to develop awareness of how to effectively work with another culture when doing business. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Hiring Based on Genetic Data* featured box found in the text and at the end of this chapter. ■

IV. SUMMARY AND IMPLICATIONS FOR MANAGERS

1. Personality
	* + The Big Five provides a meaningful way for managers to examine personality
		+ Managers should look for employees high on conscientiousness
		+ Situational factors should be taken into consideration, they do impact personality-job performance
		+ The MBTI can be used for teams to better understand each other
2. Values
	* + Values influence a person’s attitudes, perceptions and behaviors
		+ The Rokeach Values Survey can be used to measure an employee’s values
		+ Employees are often rewarded more often when their personal values match those of the organization

Chapter 5

Expanded Chapter Outline

I. What Is Perception?

* + **Definition**: Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.
	+ Why is this important to the study of OB?
* Because people’s behavior is based on their perception of what reality is, not on reality itself

II. Factors Influencing Perception

* + Factors that shape and can distort perception (Exhibit 5–1):
* Perceiver
* Target
* Situation
	+ When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by personal characteristics of the individual perceiver.
	+ The more relevant personal characteristics affecting perception of the perceiver are attitudes, motives, interests, past experiences, and expectations.
	+ Characteristics of the target can also affect what is being perceived. This would include attractiveness, gregariousness, and our tendency to group similar things together. For example, members of a group with clearly distinguishable features or color are often perceived as alike in other, unrelated characteristics as well.
	+ The context in which we see objects or events also influences our attention. This could include time, heat, light, or other situational factors.

III. Person Perception: Making Judgments about Others

A. Attribution Theory (Exhibit 5–2)

* + - Our perceptions of people differ from our perceptions of inanimate objects.
		- Our perception and judgment of a person’s actions are influenced by these assumptions.
		- Attribution theory suggests that when we observe an individual’s behavior, we attempt to determine whether it was internally or externally caused. That determination depends largely on three factors:
* Distinctiveness
* Consensus
* Consistency
	+ - Clarification of the differences between internal and external causation:
* Internally caused behaviors are those that are believed to be under the personal control of the individual.
* Externally caused behavior is seen as resulting from outside causes; that is, the person is seen as having been forced into the behavior by the situation.

**Teaching Note:** At this point in the lecture you may want to introduce the International OB box “Can Negative Perceptions Dampen Business Relations?” found in the text and at the end of this chapter. Perceptual errors based on cultural factors can have a lasting negative impact on relations. ■

* + - *Distinctiveness* refers to whether an individual displays different behaviors in different situations. What we want to know is whether the observed behavior is unusual.
* If it is, the observer is likely to give the behavior an external attribution.
* If this action is not unusual, it will probably be judged as internal.
	+ - *Consensus* occurs if everyone who is faced with a similar situation responds in the same way. If consensus is high, you would be expected to give an external attribution to the employee’s tardiness, whereas if other employees who took the same route made it to work on time, your conclusion as to causation would be internal.
		- *Consistency* in a person’s actions. Does the person respond the same way over time? The more consistent the behavior, the more the observer is inclined to attribute it to internal causes.
		- Fundamental Attribution Error
* There is substantial evidence that we have a tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors.
	+ - Self-serving Bias
* There is also a tendency for individuals to attribute their own successes to internal factors such as ability or effort while putting the blame for failure on external factors such as luck. This is called the “self-serving bias” and suggests that feedback provided to employees will be distorted by recipients.
* Are these errors or biases that distort attribution universal across different cultures? While there is no definitive answer there is some preliminary evidence that indicates cultural differences:
* Korean managers found that, contrary to the self-serving bias, they tended to accept responsibility for group failure.
* Attribution theory was developed largely based on experiments with Americans and Western Europeans.
* The Korean study suggests caution in making attribution theory predictions in non-Western societies, especially in countries with strong collectivist traditions.

B.Frequently Used Shortcuts in Judging Others

1. Introduction

* + - We use a number of shortcuts when we judge others. An understanding of these shortcuts can be helpful toward recognizing when they can result in significant distortions.

2. Selective Perception

* + - Any characteristic that makes a person, object, or event stand out will increase the probability that it will be perceived.
		- Since we can’t observe everything going on about us, we engage in selective perception.
		- A classic example:
* Dearborn and Simon performed a perceptual study in which 23 business executives read a comprehensive case describing the organization and activities of a steel company. The results along with other results of the study, led the researchers to conclude that the participants perceived aspects of a situation that were specifically related to the activities and goals of the unit to which they were attached.
* A group’s perception of organizational activities is selectively altered to align with the vested interests they represent.

3. Halo Effect

* + - The halo effect occurs when we draw a general impression on the basis of a single characteristic:
* This phenomenon frequently occurs when students appraise their classroom instructor.
* Propensity for halo effect to operate is not random.
	+ - The reality of the halo effect was confirmed in a classic study.
* Subjects were given a list of traits such as intelligent, skillful, practical, industrious, determined, and warm, and were asked to evaluate the person to whom those traits applied. When the word “warm” was substituted with “cold” the subjects changed their evaluation of the person.
* The experiment showed that subjects were allowing a single trait to influence their overall impression of the person being judged.
* Research suggests that it is likely to be most extreme when the traits to be perceived are ambiguous in behavioral terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has had limited experience.

4. Contrast Effects

* + - We do not evaluate a person in isolation. Our reaction to one person is influenced by other persons we have recently encountered.
		- For example, an interview situation in which one sees a pool of job applicants can distort perception. Distortions in any given candidate’s evaluation can occur as a result of his or her place in the interview schedule.

5. Projection

* + - This tendency to attribute one’s own characteristics to other people—which is called projection—can distort perceptions made about others.
		- When managers engage in projection, they compromise their ability to respond to individual differences. They tend to see people as more homogeneous than they really are.

6. Stereotyping

* + - Stereotyping—judging someone on the basis of our perception of the group to which he or she belongs.
		- Generalization is not without advantages. It is a means of simplifying a complex world, and it permits us to maintain consistency. The problem, of course, is when we inaccurately stereotype.
		- In organizations, we frequently hear comments that represent stereotypes based on gender, age, race, ethnicity, and even weight.
		- From a perceptual standpoint, if people expect to see these stereotypes, that is what they will perceive, whether or not they are accurate.

**Teaching Note:** At this point in the lecture you may want to introduce the POINT/COUNTERPOINT: *When In Doubt, Do!* found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction material. ■

C. Specific Applications in Organizations

1. Employment Interview

* + - Evidence indicates that interviewers make perceptual judgments that are often inaccurate.
		- In addition, agreement among interviewers is often poor. Different interviewers see different things in the same candidate and thus arrive at different conclusions about the applicant.
		- Interviewers generally draw early impressions that become very quickly entrenched. Studies indicate that most interviewers’ decisions change very little after the first four or five minutes of the interview.
		- Because interviews usually have so little consistent structure and interviewers vary in terms of what they are looking for in a candidate, judgments of the same candidate can vary widely.

2. Performance Expectations

* + - Evidence demonstrates that people will attempt to validate their perceptions of reality, even when those perceptions are faulty.
		- Self-fulfilling prophecy or Pygmalion effect characterizes the fact that people’s expectations determine their behavior. Expectations become reality.
		- A study was undertaken with 105 soldiers in the Israeli Defense Forces who were taking a fifteen-week combat command course. Soldiers were randomly divided and identified as having high potential, normal potential, and potential not known. Instructors got better results from the high potential group because they expected it confirming the effect of a self-fulfilling prophecy.

3. Ethnic Profiling

* + - Form of stereotyping in which a group of individuals is singled out on the basis of race or ethnicity.
		- The Internment of Americans of Japanese heritage following the Japanese attack on Pearl Harbor is an example.
		- Since 9/11, ethnic profiling has increased implications for OB.
* Suspicion surrounds coworkers and managers relative to people of Arab ancestry.
	+ - Much debate surrounds this issue. It centers on the need to balance the rights of individuals against the greater good of society.

4. Performance Evaluation

* + - An employee’s performance appraisal is very much dependent on the perceptual process.
		- Although the appraisal can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgmental.
		- To the degree that managers use subjective measures in appraising employees, what the evaluator perceives to be good or bad employee characteristics or behaviors will significantly influence the outcome of the appraisal.

IV. The Link between Perception and Individual Decision Making

* + - Individuals in organizations make decisions; they make choices from among two or more alternatives.
		- Top managers determine their organization’s goals, what products or services to offer, how best to finance operations, or where to locate a new manufacturing plant.
		- Middle- and lower-level managers determine production schedules, select new employees, and decide how pay raises are to be allocated.
		- Non-managerial employees also make decisions including whether or not to come to work on any given day, how much effort to put forward once at work, and whether or not to comply with a request made by the boss.
		- A number of organizations in recent years have been empowering their non-managerial employees with job-related decision-making authority that historically was reserved for managers.
		- Decision-making occurs as a reaction to a problem.
* There is a discrepancy between some current state of affairs and some desired state, requiring consideration of alternative courses of action.
* One person’s *problem* is another’s *satisfactory state of affairs.*
	+ - Every decision requires interpretation and evaluation of information. The perceptions of the decision maker will address these two issues:
* Data are typically received from multiple sources.
* Which data are relevant to the decision and which are not?
	+ - Alternatives will be developed, and the strengths and weaknesses of each will need to be evaluated.

V. How Should Decisions Be Made?

 A. The Rational Decision-Making Process

 1. Introduction

* + - The optimizing decision maker is rational. He or she makes consistent, value-maximizing choices within specified constraints.

2. The Rational Model

* + - Six steps listed in Exhibit 5–3
* *Step 1*: Defining the problem
	+ - * A problem is a discrepancy between an existing and a desired state of affairs.
			* Many poor decisions can be traced to the decision maker overlooking a problem or defining the wrong problem.
* *Step 2*: Identify the decision criteria important to solving the problem.
	+ - * The decision maker determines what is relevant in making the decision. Any factors not identified in this step are considered irrelevant.
			* This brings in the decision maker’s interests, values, and similar personal preferences.
* *Step 3*: Weight the previously identified criteria in order to give them the correct priority in the decision.
* *Step 4*: Generate possible alternatives that could succeed in resolving the problem.
* *Step 5*: Rate each alternative on each criterion.
	+ - * Critically analyze and evaluate each alternative.
			* The strengths and weaknesses of each alternative become evident as they are compared with the criteria and weights established in the second and third steps.
* *Step 6*: The final step is to compute the optimal decision:
	+ - * Evaluate each alternative against the weighted criteria and select the alternative with the highest total score.

3. Assumptions of the Model

* + - *Problem clarity.* The decision maker is assumed to have complete information regarding the decision situation.
		- *Known options*. It is assumed the decision maker is aware of all the possible consequences of each alternative.
		- *Clear preferences.* Criteria and alternatives can be ranked and weighted to reflect their importance.
		- *Constant preferences.* Specific decision criteria are constant and the weights assigned to them are stable over time.
		- *No time or cost constraints.* The rational decision maker can obtain full information about criteria and alternatives because it is assumed that there are no time or cost constraints.
		- *Maximum payoff.* The rational decision maker will choose the alternative that yields the highest perceived value.

B. Improving Creativity in Decision Making

 1. Introduction

* + - **Definition:** Creativity is the ability to produce novel and useful ideas. These are ideas that are different from what has been done before, but that are also appropriate to the problem or opportunity presented.

2. Creative Potential

* + - Most people have creative potential.
		- People have to get out of the psychological ruts most of us get into and learn how to think about a problem in divergent ways.
		- People differ in their inherent creativity.
* A study of lifetime creativity of 461 men and women found that less than one percent were exceptionally creative.
* Ten percent were highly creative; about sixty percent were somewhat creative.

3. Three-Component Model of Creativity.

* + - This model proposes that individual creativity essentially requires expertise, creative-thinking skills, and intrinsic task motivation. (See Exhibit 5–4.)
* *Expertise* is the foundation for all creative work. The potential for creativity is enhanced when individuals have abilities, knowledge, proficiencies, and similar expertise in their field of endeavor.
* *Creative thinking skills*. This encompasses personality characteristics associated with creativity, the ability to use analogies, as well as the talent to see the familiar in a different light.
* *Intrinsic task motivation.* The desire to work on something because it’s interesting, involving, exciting, satisfying, or personally challenging. This turns creativity potential into actual creative ideas. It determines the extent to which individuals fully engage their expertise and creative skills.

**Teaching Note:** Students should complete the Self-Assessment Exercise from SAL #20 “What’s My Decision-Making Style? Students should consider their responses in light of the material discussed in class on rational decision making. ■

VI. How Are Decisions Actually Made in Organizations?

 A. Introduction

* + - Are decision makers in organizations rational?
* When decision makers are faced with a simple problem having few alternative courses of action, and when the cost of searching out and evaluating alternatives is low, the rational model is fairly accurate.
	+ - Most decisions in the real world do not follow the rational model.
* Decision makers generally make limited use of their creativity.
* Choices tend to be confined to the neighborhood of the problem symptom and to the neighborhood of the current alternative.

 B. Bounded Rationality

* + - When faced with a complex problem, most people respond by reducing the problem to a level at which it can be readily understood.
* This is because the limited information-processing capability of human beings makes it impossible to assimilate and understand all the information necessary to optimize.
* People *satisfice*—they seek solutions that are satisfactory and sufficient.
	+ - Individuals operate within the confines of bounded rationality. They construct simplified models that extract the essential features.
		- How does bounded rationality work?
* Once a problem is identified, the search for criteria and alternatives begins.
* The decision maker will identify a limited list made up of the more conspicuous choices, which are easy to find, tend to be highly visible, and they will represent familiar criteria and previously tried-and-true solutions.
* Once this limited set of alternatives is identified, the decision maker will begin reviewing it.
* The decision maker will begin with alternatives that differ only in a relatively small degree from the choice currently in effect.
* The first alternative that meets the “good enough” criterion ends the search.
	+ - The order in which alternatives are considered is critical in determining which alternative is selected.
		- Assuming that a problem has more than one potential solution, the satisficing choice will be the first acceptable one the decision maker encounters.
		- Alternatives that depart the least from the status quo are the most likely to be selected.

C. Common Biases and Errors

1. Introduction

* + - Decision makers allow systematic biases and errors to creep into their judgments.
		- People tend to rely on experience, impulses, gut feelings and rules of thumb. These can lead to distortions.

2. Overconfidence Bias

* + - Individuals whose intellectual and interpersonal abilities are weakest are most likely to overestimate their performance and ability.
		- The more knowledgeable, the less likely to display overconfidence

3. Anchoring Bias

* + - Fixating on initial information as a starting point and failing to adequately adjust for subsequent information.
		- Anchors are widely used by people in advertising, management, politics, real estate, and lawyers—where persuasion skills are important.

4. Confirmation Bias

* + - Type of selective perception. Seek out information that reaffirms past choices, and discount information that contradicts past judgments.

5. Availability Bias

* + - Tendency for people to base judgments on information that is readily available

6. Representative Bias

* + - Assess the likelihood of an occurrence by trying to match it with a preexisting category.

7. Escalation of Commitment

* + - Staying with a decision even when there is clear evidence that it’s wrong.

8. Randomness Error

* + - Decision making becomes impaired when we try to create meaning out of random events.

9. Winner’s Curse

* + - The winner will overestimate the model.

10. Hindsight Bias

* + - Tendency to believe falsely that one has accurately predicted the outcome of an event, after that outcome is actually known

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Biases in Decision Making* box found in the text and at the end of these chapter notes. The purpose of the exercise is to help students better understand stereotypes. ■

D. Intuition

* + - Intuitive decision-making has recently come out of the closet and into some respectability.
		- What is intuitive decision making?
* It is an unconscious process created out of distilled experience. It operates in complement with rational analysis.
* Some consider it a form of extrasensory power or sixth sense.
* Some believe it is a personality trait that a limited number of people are born with.
	+ - Research on chess playing provides an excellent example of how intuition works.
* The expert’s experience allows him or her to recognize the pattern in a situation and draw upon previously learned information associated with that pattern to quickly arrive at a decision choice.
* The result is that the intuitive decision maker can decide rapidly with what appears to be very limited information.
* Eight conditions when people are most likely to use intuitive decision making:
	+ - * When a high level of uncertainty exists
			* When there is little precedent to draw on
			* When variables are less scientifically predictable
			* When “facts” are limited
			* When facts do not clearly point the way to go
			* When analytical data are of little use
			* When there are several plausible alternative solutions to choose from, with good arguments for each
			* When time is limited, and there is pressure to come up with the right decision
		- Although intuitive decision making has gained in respectability, don’t expect people—especially in North America, Great Britain, and other cultures where rational analysis is the approved way of making decisions—to acknowledge they are using it. Rational analysis is considered more socially desirable in these cultures.

E. Individual Differences

1. Personality

* + - Conscientiousness

2. Gender

* + - Evidence indicates that women analyze decisions more than men.
		- Rumination refers to reflecting at length. In decision making it means over thinking about problems.
		- Women, in general, are more likely than men to engage in rumination.
		- Rumination tendency appears to be moderated by age. Differences are largest during young adulthood and smallest after age 65.

**Teaching Note:** Students should complete the Self-Assessment Exercise from SAL #21 “Am I a Procrastinator?” Students should reflect on how their responses influence their ability to be effective decision makers. You may ask students whether procrastination is always dysfunctional in terms of decision making. ■

F. Organizational Constraints

 1. Introduction

* + - The organization itself constrains decision makers. This happens due to policies, regulations, time constraints, etc.

 2. Performance Evaluation

* + - Managers are strongly influenced in their decision making by the criteria by which they are evaluated. Their performance in decision making will reflect expectation.

 3. Reward Systems

* + - The organization’s reward system influences decision makers by suggesting to them what choices are preferable in terms of personal payoff.

 4. Formal Regulations

* + - Organizations create rules, policies, procedures, and other formalized regulations to standardize the behavior of their members.

 5. System-Imposed Time Constraints

* + - Organizations impose deadlines on decisions.
		- Decisions must be made quickly in order to stay ahead of the competition and keep customers satisfied.
		- Almost all important decisions come with explicit deadlines.

 *6.* Historical Precedents

* + - Decisions have a context. Individual decisions are more accurately characterized as points in a stream of decisions.
		- Decisions made in the past are ghosts, which continually haunt current choices. It is common knowledge that the largest determining factor of the size of any given year’s budget is last year’s budget.

G. Cultural Differences

* + - The rational model makes no acknowledgment of cultural differences. We need to recognize that the cultural background of the decision maker can have significant influence on:
* Selection of problems
* Depth of analysis
* The importance placed on logic and rationality
* Whether organizational decisions should be made autocratically by an individual manager or collectively in groups
* Cultures, for example, differ in terms of time orientation, the importance of rationality, their belief in the ability of people to solve problems, and preference for collective decision making.
* Some cultures emphasize solving problems, while others focus on accepting situations as they are.
* Decision making by Japanese managers is much more group-oriented than in the United States.

VII. What about Ethics in Decision Making?

**Teaching Note:** Students should complete the Self-Assessment Exercise from SAL #22 “How Do My Ethics Rate?” Students should consider their responses in light of the material discussed in class on ethics in decision making. You may wish to ask students how their responses would influence their management effectiveness. ■

 A. Introduction

* Ethical considerations should be an important criterion in organizational decision making.

B. Three Ethical Decision Criteria

* Utilitarian criterion—decisions are made solely on the basis of their outcomes or consequences. The goal of utilitarianism is to provide the greatest good for the greatest number. This view tends to dominate business decision making.
	+ Advantages/Disadvantages:
	+ Promotes efficiency and productivity
	+ It can result in ignoring the rights of some individuals, particularly those with minority representation in the organization.
	+ Decision makers tend to feel safe and comfortable when they use utilitarianism. Many critics of business decision makers argue that this perspective needs to change.
* Focus on rights—calls on individuals to make decisions consistent with fundamental liberties and privileges as set forth in documents such as the Bill of Rights.
	+ Advantages/Disadvantages:
	+ Protects individuals from injury and is consistent with freedom and privacy.
	+ It can create an overly legalistic work environment that hinders productivity and efficiency.
	+ An emphasis on rights means respecting and protecting the basic rights of individuals, such as the right to privacy, to free speech, and to due process.
* Focus on justice—requires individuals to impose and enforce rules fairly and impartially. There is an equitable distribution of benefits and costs.
	+ Advantages/Disadvantages:
	+ Protects the interests of the underrepresented and less powerful
	+ It can encourage a sense of entitlement that reduces risk taking, innovation, and productivity.
* Increased concern in society about individual rights and social justice suggests the need for managers to develop ethical standards based solely on non-utilitarian criteria.

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA EXERCISE: *Five Ethical Decisions: What Would You Do?* found in the text and at the end of these chapter notes. The purpose of the exercise is to help students better understand what their reactions might be when faced with various ethical decisions. A suggestion for a class exercise follows the introduction of the material. ■

***OR***

**Teaching Note:** Introduce the MYTH OR SCIENCE? *“Ethical People Don’t Do Unethical Things”* box found in the text and at the end of this chapter. A suggested class exercise follows the introduction of this material. ■

 C. Ethics and National Culture

* + There are no global ethical standards.
	+ Contrasts between Asia and the West illustrate:
		- Bribery is commonplace in countries such as China. Should a Western business professional pay a bribe to secure business if it is an accepted part of that country’s culture?
		- A manager of a large U.S. company operating in China caught an employee stealing. She fired him, turned him over to the local authorities, only to learn later that the employee had been summarily executed.
		- While ethical standards may seem ambiguous in the West, criteria defining right and wrong are actually much clearer in the West than in Asia. Few issues are black-and-white there; most are gray.

VIII. SUMMARY AND IMPLICATIONS FOR MANAGERS

A. Perception

* + - An employee’s perception of a situation is the basis for his/her behavior
		- To influence productivity, it is important that a manager understand how employees perceive their job.
		- Employees try to create meaning out of their job in various situations
		- Managers are advised to understand how individuals interpret reality

B. Individual Decision Making

* + - Individuals think before they act
		- How an employee makes decisions may explain their behavior
		- Individuals often make decisions that satisfice, rather than optimize

Chapter 6

Expanded Chapter Outline

I. Defining Motivation

* + What is Motivation?
* Many people incorrectly view motivation as a personal trait—that is, some have it and others do not. Motivation is the result of the interaction of the individual and the situation.
* **Definition**: Motivation is “the processes that account for an individual’s intensity, direction, and persistence of effort toward attaining a goal.”
* We will narrow the focus to organizational goals in order to reflect our singular interest in work-related behavior.
* The three key elements of our definition are intensity, direction, and persistence:
* *Intensity* is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.
* *Direction* is the orientation that benefits the organization.
* *Persistence* is a measure of how long a person can maintain his/her effort. Motivated individuals stay with a task long enough to achieve their goal.

II. Early Theories of Motivation

 A. Introduction

* + In the 1950s three specific theories were formulated and are the best known: hierarchy of needs theory, Theories X and Y, and the two-factor theory.
	+ These early theories are important to understand because they represent a foundation from which contemporary theories have grown. Practicing managers still regularly use these theories and their terminology in explaining employee motivation.

B. Hierarchy of Needs Theory

* + Abraham Maslow’s hierarchy of needs is the most well-known theory of motivation. He hypothesized that within every human being there exists a hierarchy of five needs: (See Exhibit 6–1).
* *Physiological*: Includes hunger, thirst, shelter, sex, and other bodily needs
* *Safety*: Includes security and protection from physical and emotional harm
* *Social:* Includes affection, belongingness, acceptance, and friendship
* *Esteem:* Includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention
* *Self-actualization:* The drive to become what one is capable of becoming; includes growth, achieving one’s potential, and self-fulfillment
	+ As a need becomes substantially satisfied, the next need becomes dominant. No need is ever fully gratified; a substantially satisfied need no longer motivates.
	+ Maslow separated the five needs into higher and lower orders.
* Physiological and safety needs are described as lower-order.
* Social, esteem, and self-actualization are as higher-order needs.
* Higher-order needs are satisfied internally.
* Lower-order needs are predominantly satisfied externally.
	+ Maslow’s need theory has received wide recognition, particularly among practicing managers. Research does not generally validate the theory.
	+ Maslow provided no empirical substantiation, and several studies that sought to validate the theory found no support for it.
	+ ERG
* Alderfer argued that there are three groups of core needs
* Existence
* Relatedness
* Growth

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Goal-Setting Task* found in the text and at the end of this chapter. The purpose of the exercise is to help students better understand the importance of Herzberg’s model. It illustrates the difference between what motivates individuals versus what causes only satisfaction. ■

*C.* Theory X and Theory Y

* + Douglas McGregor concluded that a manager’s view of the nature of human beings is based on a certain grouping of assumptions and he or she tends to mold his or her behavior toward employees according to these assumptions.
	+ Theory X assumptions are basically negative.
* Employees inherently dislike work and, whenever possible, will attempt to avoid it.
* Since employees dislike work, they must be coerced, controlled, or threatened with punishment.
* Employees will avoid responsibilities and seek formal direction whenever possible.
* Most workers place security above all other factors and will display little ambition.
	+ Theory Y assumptions are basically positive.
* Employees can view work as being as natural as rest or play.
* People will exercise self-direction and self-control if they are committed to the objectives.
* The average person can learn to accept, even seek, responsibility.
* The ability to make innovative decisions is widely dispersed throughout the population.
	+ What are the implications for managers? This is best explained by using Maslow’s framework:
* Theory X assumes that lower-order needs dominate individuals.
* Theory Y assumes that higher-order needs dominate individuals.
* McGregor himself held to the belief that Theory Y assumptions were more valid than Theory X.
* There is no evidence to confirm that either set of assumptions is valid.
* Either Theory X or Theory Y assumptions may be appropriate in a particular situation.

**Teaching Note:** At this point in the lecture you may want to introduce the MYTH OR SCIENCE? *“People Are Inherently Lazy”* found in the text and at the end of this chapter. The discussion of the material will provide students the opportunity to identify Theory X or Theory Y theories in practice. ■

*D.* Two-Factor Theory

* + The Two-Factor Theory is sometimes also called motivation-hygiene theory.
	+ Proposed by psychologist Frederick Herzberg when he investigated the question, “What do people want from their jobs?” He asked people to describe, in detail, situations in which they felt exceptionally good or bad about their jobs. These responses were then tabulated and categorized.
* From the categorized responses, Herzberg concluded:
* Intrinsic factors, such as advancement, recognition, responsibility, and achievement seem to be related to job satisfaction.
* Dissatisfied respondents tended to cite extrinsic factors, such as supervision, pay, company policies, and working conditions.
* The opposite of satisfaction is not dissatisfaction.
* Removing dissatisfying characteristics from a job does not necessarily make the job satisfying.
* Job satisfaction factors are separate and distinct from job dissatisfaction factors. Managers who eliminate job dissatisfaction factors may not necessarily bring about motivation.
* When hygiene factors are adequate, people will not be dissatisfied; neither will they be satisfied. To motivate people, emphasize factors intrinsically rewarding that are associated with the work itself or to outcomes directly derived from it.
* Criticisms of the theory:
* The procedure that Herzberg used is limited by its methodology.
* The reliability of Herzberg’s methodology is questioned.
* No overall measure of satisfaction was utilized.
* Herzberg assumed a relationship between satisfaction and productivity, but the research methodology he used looked only at satisfaction, not at productivity.
* Regardless of criticisms, Herzberg’s theory has been widely read, and few managers are unfamiliar with his recommendations.
	+ *The popularity of vertically expanding jobs to allow workers greater responsibility can probably be attributed to Herzberg’s findings.*

III. Contemporary Theories of Motivation

**Teaching Note:** At this point in the lecture you may want to introduce the OB IN THE NEWS: *What Do Employees Want?* box found in the text and at the end of this chapter. The purpose of the exercise is to help students better understand what people value in a job. Note that money is not even mentioned in the top five. ■

*A.* McClelland’s Theory of Needs

* + The theory focuses on three needs: achievement, power, and affiliation.
* *Need for achievement:* The drive to excel, to achieve in relation to a set of standards, to strive to succeed
* Some people have a compelling drive to succeed. They are striving for personal achievement rather than the rewards of success per se. This drive is the achievement need (nAch).
* McClelland found that high achievers differentiate themselves from others by their desire to do things better.
* They seek personal responsibility for finding solutions to problems.
* They want to receive rapid feedback on their performance so they can tell easily whether they are improving or not.
* They can set moderately challenging goals. High achievers are not gamblers; they dislike succeeding by chance.
* High achievers perform best when they perceive their probability of success as 50-50.
* They like to set goals that require stretching themselves a little.
* *Need for power:* The need to make others behave in a way that they would not have behaved otherwise
* The need for power (nPow) is the desire to have impact, to be influential, and to control others.
* Individuals high in nPow enjoy being “in charge.”
* Strive for influence over others.
* Prefer to be placed into competitive and status-oriented situations.
* Tend to be more concerned with prestige and gaining influence over others than with effective performance.
* *Need for affiliation*: The desire for friendly and close interpersonal relationships
* The third need isolated by McClelland is affiliation (nAfl).
* This need has received the least attention from researchers.
* Individuals with a high affiliation motive strive for friendship.
* Prefer cooperative situations rather than competitive ones.
* Desire relationships involving a high degree of mutual understanding.
	+ Relying on an extensive amount of research, some reasonably well-supported predictions can be made based on the relationship between achievement need and job performance.
* First, as shown in Exhibit 6–4, individuals with a high need to achieve prefer job situations with personal responsibility, feedback, and an intermediate degree of risk. When these characteristics are prevalent, high achievers will be strongly motivated.
* Second, a high need to achieve does not necessarily lead to being a good manager, especially in large organizations. People with a high achievement need are interested in how well they do personally and not in influencing others to do well.
* Third, the needs for affiliation and power tend to be closely related to managerial success. The best managers are high in their need for power and low in their need for affiliation.
* Finally, employees have been successfully trained to stimulate their achievement need. Trainers have been effective in teaching individuals to think in terms of accomplishments, winning, and success, and then helping them to learn how to act in a high achievement way by preferring situations where they have personal responsibility, feedback, and moderate risks.

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *“How Managers Evaluate Their Employees Depends on Culture.”* found in the text and at the end of the chapter. The cultural background of a manager can influence the way that an employee is evaluated. ■

B. Cognitive Evaluation Theory

* + The introduction of extrinsic rewards, such as pay, for work effort that had been previously intrinsically rewarding due to the pleasure associated with the content of the work itself, tends to decrease the overall level of motivation.
	+ This has come to be called the cognitive evaluation theory. Well researched and supported theorists have assumed that intrinsic motivations, such as achievement, etc., are independent of extrinsic motivators such as high pay, promotions, etc.
	+ Cognitive evaluation theory suggests otherwise. When extrinsic rewards are used by organizations as payoffs for superior performance, the intrinsic rewards, which are derived from individuals doing what they like, are reduced.
	+ The popular explanation is that the individual experiences a loss of control over his or her own behavior so that the previous intrinsic motivation diminishes.
	+ Furthermore, the elimination of extrinsic rewards can produce a shift—from an external to an internal explanation—in an individual’s perception of causation of why he or she works on a task.
	+ If the cognitive evaluation theory is valid, it should have major implications for managerial practices.
* If pay or other extrinsic rewards are to be effective motivators, they should be made contingent on an individual’s performance.
* Cognitive evaluation theorists would argue that this will tend only to decrease the internal satisfaction that the individual receives from doing the job.
* If correct, it would make sense to make an individual’s pay non-contingent on performance in order to avoid decreasing intrinsic motivation.
* While supported in a number of studies, cognitive evaluation theory has also met with attacks, specifically on the methodology used and in the interpretation of the findings.
	+ Further research is needed to clarify some of the current ambiguity. The evidence does lead us to conclude that the interdependence of extrinsic and intrinsic rewards is a real phenomenon.
* Its impact on employee motivation at work may be considerably less than originally thought.
* First, many of the studies testing the theory were done with students.
* Second, evidence indicates that very high intrinsic motivation levels are strongly resistant to the detrimental impacts of extrinsic rewards.
* The theory may have limited applicability to work organizations because most low-level jobs are not inherently satisfying enough to foster high intrinsic interest, and many managerial and professional positions offer intrinsic rewards.
	+ Self-concordance
* The degree to which people’s reasons for pursuing goals are consistent with their interests and core values.
* People who pursue goals for intrinsic reasons are more likely to attain those goals.
* People who pursue work goals for intrinsic reasons are more satisfied at work.

C. Goal-Setting Theory

* + In the late 1960s, Edwin Locke proposed that intentions to work toward a goal are a major source of work motivation.
	+ Goals tell an employee what needs to be done and how much effort is needed. The evidence strongly supports the value of goals.
	+ Specific hard goals produce a higher level of output than do the generalized goals.
	+ If factors like ability and acceptance of the goals are held constant, we can also state that the more difficult the goal, the higher the level of performance.
* People will do better when they get feedback on how well they are progressing toward their goals. Self-generated feedback is more powerful a motivator than externally generated feedback.
* The evidence is mixed regarding the superiority of participative over assigned goals. If employees have the opportunity to participate in the setting of their own goals, will they try harder?
* A major advantage of participation may be in increasing acceptance.
* If people participate in goal setting, they are more likely to accept even a difficult goal than if they are arbitrarily assigned it by their boss.
	+ There are contingencies in goal-setting theory. In addition to feedback, three other factors influence the goals-performance relationship.
* *Goal commitment*. Goal-setting theory presupposes that an individual is committed to the goal.
* *Task characteristics.* Individual goal setting does not work equally well on all tasks. Goals seem to have a more substantial effect on performance when tasks are simple, well-learned, and independent.
* *National culture.* Goal-setting theory is culture bound and it is well adapted to North American cultures.
* Overall conclusion goal setting: Intentions, as articulated in terms of hard and specific goals, are a potent motivating force. However, there is no evidence that such goals are associated with increased job satisfaction.

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Goal-Setting Task* found in the text and at the end of the chapter. The purpose of the exercise is to help students write tangible, verifiable, measurable, and relevant goals. ■

D. MBO Programs: Putting Goal-Setting Theory Into Practice

* + How do you make goal setting operation in practice?
* Management by Objectives (MBO)
* Participatively set goals that are tangible, verifiable, and measurable.
	+ Organization’s overall objectives are translated into specific objectives for each succeeding level (Exhibit 6–6)
	+ Four Ingredients common to MBO programs
* Goal specificity
* Participation in decision making
* Explicit time period
* Performance feedback
	+ MBO programs are common in many business, health care, educational, government, and nonprofit organizations.

E. Self-Efficacy Theory

* + Known also as social cognitive theory and social learning theory
	+ The higher your self-efficacy, the more confidence you have in your ability to succeed in a task.
	+ Goal setting theory and self-efficacy theory don’t compete with one another; they complement each other (Exhibit 6–7).
	+ When a manager sets difficult goals for employees it leads employees to have higher levels of self-efficacy leading them to set higher goals for their own performance.
	+ Albert Bandura, developer of self-efficacy theory:
* Enactive mastery—gaining relevant experience with the task or job
* Vicarious modeling—becoming more confident because you see someone else doing the task
* Verbal persuasion—more confident because someone convinces you that you have the skills
* Arousal—leads to an energized state driving a person to complete the task

F. Reinforcement Theory

* + In contrast to Goal-Setting theory, which is a cognitive approach, Reinforcement theory is a behavioristic approach. It argues that reinforcement conditions behavior.
* Reinforcement theorists see behavior as being environmentally caused.
* Reinforcement theory ignores the inner state of the individual and concentrates solely on what happens to a person when he or she takes some action.

G. Equity Theory

* + What role does equity play in motivation? An employee with several years experience can be frustrated to find out that a recent college grad hired at a salary level higher than he or she is currently earnings, causing motivation levels to drop. Why?
* *Employees make comparisons of their job inputs and outcomes relative to* those of others. (See Exhibit 6–7).
* If we perceive our ratio to be equal to that of the relevant others with whom we compare ourselves, a state of equity is said to exist. We perceive our situation as fair.
* When we see the ratio as unequal, we experience equity tension.
	+ Additionally, the referent that an employee selects adds to the complexity of equity theory. There are four referent comparisons that an employee can use:
* *Self-inside*: An employee’s experiences in a different position inside his or her current organization
* *Self-outside*: An employee’s experiences in a situation or position outside his or her current organization
* *Other-inside*: Another individual or group of individuals inside the employee’s organization
* *Other-outside*: Another individual or group of individuals outside the employee’s organization
	+ Which referent an employee chooses will be influenced by the information the employee holds about referents, as well as by the attractiveness of the referent.
* There are four moderating variables: gender, length of tenure, level in the organization, and amount of education or professionalism.
* Gender
* Men and women prefer same-sex comparisons. This also suggests that if women are tolerant of lower pay, it may be due to the comparative standard they use.
* Employees in jobs that are not sex-segregated will make more cross-sex comparisons than those in jobs that are either male- or female-dominated.
* Length of tenure
* Employees with short tenure in their current organizations tend to have little information about others.
* Employees with long tenure rely more heavily on coworkers for comparison.
* Level in the organization
* Upper-level employees tend to be more cosmopolitan and have better information about people in other organizations. Therefore, these types of employees will make more other-outside comparisons.
* Amount of education or professionalism
* Employees with higher education are more likely to include others outside the organization as referent points
	+ When employees perceive an inequity, they can be predicted to make one of six choices:
* Change their inputs.
* Change their outcomes.
* Distort perceptions of self.
* Distort perceptions of others.
* Choose a different referent.
* Leave the field.
	+ The theory establishes the following propositions relating to inequitable pay:
* Given payment by time, overrewarded employees will produce more than will equitably paid employees.
* Given payment by quantity of production, overrewarded employees will produce fewer, but higher quality, units than will equitably paid employees.
* Given payment by time, underrewarded employees will produce less or poorer quality of output.
* Given payment by quantity of production, underrewarded employees will produce a large number of low-quality units in comparison with equitably paid employees.
	+ These propositions have generally been supported with a few minor qualifications.
* Inequities created by overpayment do not seem to have a very significant impact on behavior in most work situations.
* Not all people are equity sensitive.
	+ Employees also seem to look for equity in the distribution of other organizational rewards.
	+ Finally, recent research has been directed at expanding what is meant by equity or fairness.
* Historically, equity theory focused on distributive justice or the perceived fairness of the amount and allocation of rewards among individuals.
* Equity should also consider procedural justice, the perceived fairness of the process used to determine the distribution of rewards.
* The evidence indicates that distributive justice has a greater influence on employee satisfaction than procedural justice.
* Procedural justice tends to affect an employee’s organizational commitment, trust in his or her boss, and intention to quit.
* By increasing the perception of procedural fairness, employees are likely to view their bosses and the organization as positive even if they are dissatisfied with pay, promotions, and other personal outcomes.
	+ Equity theory demonstrates that, for most employees, motivation is influenced significantly by relative rewards as well as by absolute rewards, but some key issues are still unclear.
	+ Recent research expands what is meant by equity or fairness:(Exhibit 6–9)
* Distributive justice—perceived fairness of the amount and allocation of rewards
* Organization justice—overall perception of what is fair in the workplace
* Procedural justice—perceived fairness of the process used to determine the distribution of rewards
* Interactional justice—perception of the degree to which the individual is treated with dignity, concern, and respect

**Teaching Note:** At this point in the lecture you may want to introduce the POINT/COUNTERPOINT: *Money Motivates!* found in the text and at the end of this chapter. A class exercise follows the introduction of the material. ■

H. Expectancy Theory

* + Expectancy theory is one of the most widely accepted explanations of motivation. Victor Vroom’s expectancy theory has its critics but most of the research is supportive.
	+ Expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual.
	+ It says that an employee will be motivated to exert a high level of effort when he/she believes that:
* Effort will lead to a good performance appraisal.
* That a good appraisal will lead to organizational rewards.
* That the rewards will satisfy his/her personal goals.
* Three key relationships (See Exhibit 6–10).
* *Effort-performance relationship:* the probability perceived by the individual that exerting a given amount of effort will lead to performance
* *Performance-reward relationship:* the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome
* *Rewards-personal goals relationship:* the degree to which organizational rewards satisfy an individual’s personal goals or needs and the attractiveness of those potential rewards for the individual
	+ Expectancy theory helps explain why a lot of workers merely do the minimum necessary to get by. For example:
* If I give a maximum effort, will it be recognized in my performance appraisal?
* No, if the organization’s performance appraisal assesses nonperformance factors. The employee, rightly or wrongly, perceives that his/her boss does not like him/her.
* If I get a good performance appraisal, will it lead to organizational rewards?
* Typically many employees see the performance-reward relationship in their job as weak.
* If I am rewarded, are the rewards ones that I find personally attractive?
* It is important that the rewards be tailored to individual employee needs
	+ The key to expectancy theory is the understanding of an individual’s goals and the linkage between effort and performance, between performance and rewards, and finally, between the rewards and individual goal satisfaction.
	+ As a contingency model, expectancy theory recognizes that there is no universal principle for explaining everyone’s motivations.
	+ Attempts to validate the theory have been complicated by methodological criterion and measurement problems.
	+ Published studies that purport to support or negate the theory must be viewed with caution.
	+ Importantly, most studies have failed to replicate the methodology as it was originally proposed.
	+ Some critics suggest that the theory has only limited use, arguing that it tends to be more valid for predicting in situations where effort-performance and performance-reward linkages are clearly perceived by the individual.

IV. Integrating Contemporary Theories of Motivation

* + The Model in Exhibit 6–11 integrates much of what we know about motivation. Its basic foundation is the expectancy model.
	+ Expectancy theory predicts that an employee will exert a high level of effort if he/she perceives that there is a strong relationship between effort and performance, performance and rewards, and rewards and satisfaction of personal goals.
	+ Each of these relationships, in turn, is influenced by certain factors. For effort to lead to good performance, the individual must have the requisite ability to perform, and the performance appraisal system must be perceived as being fairand objective.
	+ The final link in expectancy theory is the rewards-goals relationship.
	+ ERG theory would come into play at this point. Motivation would be high to the degree that the rewards an individual received for his or her high performance satisfied the dominant needs consistent with his or her individual goals.
	+ The model considers the achievement, need, reinforcement, and equity theories. High achievers are internally driven as long as the jobs they are doing provide them with personal responsibility, feedback, and moderate risks.
	+ Reinforcement theory recognizes that the organization’s rewards reinforce the individual’s performance.
	+ Individuals will compare the rewards (outcomes) they receive from the inputs they make with the outcome-input ratio of relevant others and inequities may influence the effort expended.

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *Bullying Bosses* found in the text and at the end of the chapter. The case will give students the opportunity to identify and explain the types of organizational justice discussed in the text. ■

V. Caveat Emptor: Motivation Theories Are Often Culture-Bound

* + The most blatant pro-American characteristic inherent in these theories is the strong emphasis on individualism and quality of life. Both goal-setting and expectancy theories emphasize goal accomplishment as well as rational and individual thought.
	+ Maslow’s need hierarchy
* People start at the physiological level and then move progressively up the hierarchy in this order: physiological, safety, social, esteem, and self-actualization. This hierarchy aligns with American culture.
* In countries where uncertainty avoidance characteristics are strong, Japan, Greece and Mexico, security needs would be on top of the need hierarchy. Countries like the Netherlands and Denmark who score high on quality of life characteristics would have social needs at the top.
* The view that a high achievement need acts as an internal motivator presupposes two cultural characteristics—a willingness to accept a moderate degree of risk and a concern with performance.
	+ Equity theory
* It is based on the assumption that workers are highly sensitive to equity in reward allocations. In the United States, equity is meant to be closely tying pay to performance.
* However, in collectivist cultures such as the former socialist countries, employees expect rewards to reflect their individual needs as well as their performance. Moreover, consistent with a legacy of communism and centrally planned economies, employees exhibited an entitlement attitude.
	+ There are cross-cultural consistencies
* The desire for interesting work seems important to almost all workers.
* Growth, achievement, and responsibility were rated the top three and had identical rankings in another study of several countries.

VI. SUMMARY AND IMPLICATIONS FOR MANAGERS

 A. Need Theories

 B. Goal-Setting Theory

 C. Reinforcement Theory

 D. Equity Theory/Organizational Justice

 E. Expectancy Theory

Chapter 8

Expanded Chapter Outline

I. WHAT ARE Emotions AND MOODS?

 A. Introduction

* + - *Affect* is a generic term that covers a broad range of feelings that people experience and encompasses both emotions and moods.
		- Emotions are intense feelings that are directed at someone or something. They are reactions, not a trait.
		- Moods are feelings that tend to be less intense than emotions and which lack a contextual stimulus. They are not directed at an object.
* Emotions can turn into moods when you lose focus on the contextual object. Exhibit 8–1 shows the relationships among affect, emotions, and mood.
* Affect is a broad term encompassing both emotions and moods.
* Differences exist between emotions and moods.
* Emotions and moods can mutually influence each other.

 B. A Basic Set of Emotions

* + - Numerous research efforts to limit and define the dozens of emotions into a basic set of emotions.
		- Differences exist among researchers in this area.
		- Contemporary research, psychologists have tried to identify basic emotions by studying facial expressions.
		- Cultural norms that govern emotional expression – how we experience an emotions isn’t always the same as how we show it.
		- There has been agreement on six essentially universal emotions (other emotions subsumed under one of the six categories).
		- Plot emotions along a continuum
* Happiness—surprise—fear—sadness—anger—disgust
	+ - Closer any two emotions are, the more likely to be confused

 C. Some Aspects of Emotions

 1. The Biology of Emotions

* + - All emotions originate in the brain’s limbic system
		- Not everybody’s limbic system is the same
		- Women tend to have larger limbic systems than men

 2. Intensity

* + - Personality differences account for differing reactions.
		- Job requirements also are a factor.
		- People vary in their inherent ability to express emotional intensity.

3. Frequency and Duration

* + - Whether employees can meet the emotional demands of the job depends also how frequency and how long they need to sustain the effort

4. Do Emotions Make Us Irrational?

* + - Research is showing that emotions are actually critical to rational thinking.
		- Emotions provide important information about how we understand the world around us.
		- Key to good decision making is to employ both thinking and feeling.

5. What Functions Do Emotions Serve?

* + - Drawing on Darwin, evolutionary psychology says we must experience emotions because they serve a purpose
		- Interesting perspective – hard to gauge its validity

D. Mood as Positive and Negative Affect

* + - Emotions can’t be neutral
		- Group emotions into positive and negative categories = mood states
		- Exhibit 8–2 demonstrates the concept
		- Positive affect = positive emotions like excitement on the high end and tiredness at the low end
		- Negative affect = nervousness at the high end and poise at the low end
		- Positive and negative affect color perceptions
		- Negative emotions are likely to translate into negative moods
		- Research shows the positivity offset—at zero input most individuals experience a mildly positive mood

E. Sources of Emotions and Moods

1. Personality

* + - Affect intensity—individual differences in the strength with which individuals experience their emotions.
		- People differ in how predisposed they are to experience emotions intensely.
		- Positive events are more likely to affect the positive mood and positive emotions of extraverts.
		- Negative events more likely to influence the negative mood and negative emotions of those scoring low on emotional stability.

 2. Day of the Week and Time of the Day

* + - Exhibit 8–3 shows people tend to be in their worst moods early in the week and best moods late in the week.
		- People are generally in lower moods early in the morning. Exhibit 8–4 levels of positive affect tend to peak around the halfway point between waking and sleeping. Negative affect shows little fluctuation during the day.

 3. Weather

* + - Weather has little effect on mood.
		- Illusory correlation occurs when people associate two events but in reality there is no connection.

 4. Stress

* + - Stress can be cumulative and does affect mood and emotional states.

 5. Social Activities

* + - Social activities tend to increase positive mood.
		- People who are in positive moods seek out social activities.
		- Type of social activity matters; physical activities, informal, Epicurean are strongly associated with increases in positive mood.
		- Social interactions have long-term positive health benefits.

 6. Sleep

* + - Americans, on average, sleep less than 7 hours per weekday night.
		- Sleep quality affects mood.

 7. Exercise

* + - Enhances positive moods, but moderate effect.

 8. Age

* + - Negative emotions seem to occur less as people get older.

 9. Gender

* + - Women show greater emotional expression than men, experience emotions more intensely, and display more frequent expressions of both positive and negative emotions.
		- Women also report more comfort in expression emotions.
		- Women are better at reading nonverbal cues than are men.
		- These differences may be explained several ways:
* Women may have more innate ability to read others and present their emotions than do men.
* Women may have a greater need for social approval and thus a higher propensity to show positive emotions such as happiness.

**Teaching Note:** At this point in the lecture you may want to introduce Myth or Science: *Does Sharing Good News Affect Our Mood?* found in the text and at the end of this chapter.

F. External Constraints on Emotions

* + - Every organization defines the boundaries that identify which emotions are acceptable and the degree to which employees may express them.

**Teaching Note:** You may want to discuss Emotional Intelligence in concert with student results from the Self-Assessment on Emotions. ■

 1. Organizational Influences:

* + - There is no single emotional “set” sought by all organizations.
		- In the United States, there is a bias against negative and intense emotions. Expressions of negative emotions such as fear, anxiety, and anger tend to be unacceptable except under fairly specific conditions.
		- Consistent with the myth of rationality, well-managed organizations are expected to be essentially emotion-free.

 2. Cultural Influences:

* + - Cultural norms in the United States dictate that employees in service organizations should smile and act friendly when interacting with customers. But this norm does not apply worldwide.
		- Cultures differ in terms of the interpretation they give to emotions. There tends to be high agreement on what emotions mean within cultures but not between cultures. For example, smiling is often seen as an expression of happiness by Americans. However, in Israel, smiling by cashiers is seen as being inexperienced.
		- Studies indicate that some cultures lack words for such standard emotions as anxiety, depression, or guilt.

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *“Emotional Recognition: Universal or Culture Specific?”* found in the text and at the end of this chapter. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Are Workplace Romances Unethical?* found in your text and at the end of this chapter. ■

II. Emotional Labor

 A. Introduction

* + - Employee’s expression of organizationally desired emotions during interpersonal transactions at work.
		- Concept emerged from studies of service jobs.
		- Challenge for employees is to project one emotion while simultaneously feeling another (emotional dissonance).

B. Felt Versus Displayed Emotions

* + - Emotional labor creates dilemmas for employees.
		- Separate emotions into felt and displayed.
		- Displayed emotions may require acting to keep employment (Surface acting hiding inner feelings by modifying facial expressions.
		- Deep acting is the modification of inner feelings.

C. Are Emotionally Demanding Jobs Rewarded with Better Pay?

* + - Positive correlation between a job’s cognitive demands and its emotional demands. (Exhibit 8–5)
		- Some jobs are demanding on both levels.
		- Some jobs are undemanding on both dimensions.
		- Emotional demands matter, but only when jobs already were cognitively demanding (lawyers, nurses).

**Teaching Note:** At this point in the lecture you may want to introduce POINT COUNTERPOINT: *The Costs and Benefits of Organizational Display Rules*, found in the text and at the end of this chapter.

III. Affective Events Theory (Exhibit 8–6)

* + - Understanding emotions at work has been helped by a model called affective events theory (AET).
* Employees react emotionally to things that happen to them at work and this influences job performance and satisfaction.
* Work events trigger positive or negative emotional reactions.
* Events-reaction relationship is moderated by the employee’s personality and mood.
* Person’s emotional response to a given event can change depending on his or her mood.
* Emotions influence a number of performance and satisfaction variables such as OCB, organizational commitment, turnover, and level of effort.
	+ - Tests of the theory suggest:
* Emotional episode is a series of experiences precipitated by a single event
* Job satisfaction is influenced by current emotions along with history of emotions surrounding the event
* Effect on performance fluctuates
* Emotion-driven behaviors are short in duration and variable
* Typically have a negative influence on job performance
	+ - Emotions provide valuable insights in understanding employee behavior.
		- Emotions in organizations shouldn’t be ignored even when minor.

IV. Emotional Intelligence

 A. Introduction

* + - Emotional intelligence (EI) refers to an assortment of non-cognitive skills, capabilities, and competencies that influence a person’s ability to succeed in coping with environmental demands and pressures.
* *Self-awareness*. Being aware of what you are feeling.
* *Self-management*. The ability to manage one’s own emotions and impulses.
* *Self-motivation*. The ability to persist in the face of setbacks and failures.
* *Empathy*. The ability to sense how others are feeling.
* *Social skills.* The ability to handle the emotions of others.
* Several studies suggest EI may play an important role in job performance.
* EI, not academic I.Q., characterized high performers.
	+ - The implications from the initial evidence on EI are that employers should consider it as a factor in selection, especially in jobs that demand a high degree of social interaction.

 B. The Case for EI

 1. Intuitive Appeal

 2. EI Predicts Criteria That Matter.

 3. EI Biologically Based

 C. The Case Against EI

 1. EI Is Too Vague a Concept.

 2. EI Can’t Be Measured.

 3. The Validity of EI Is Suspect.

V. OB Applications of Emotions and Moods

 A. Selection

 B. Decision Making

* + - Traditional approaches to the study of decision making in organizations have emphasized rationality. That approach is probably naïve. People use emotions as well as rational and intuitive processes in making decisions.
		- Negative emotions can result in a limited search for new alternatives and a less vigilant use of information.
		- Positive emotions can increase problem solving and facilitate the integration of information.

 C. Creativity

* + - Good moods associated with idea generation.
		- Some believe that good moods makes people more creative.

 D. Motivation

* + - Motivation theories basically propose that individuals “are motivated to the extent that their behavior is expected to lead to desired outcomes.”
		- The image is that of rational exchange. People’s perceptions and calculations of situations are filled with emotional content that significantly influences how much effort they exert.
		- Not everyone is emotionally engaged in their work, but many are.

 E. Leadership

* + - The ability to lead others is a fundamental quality sought by organizations.
		- Effective leaders almost all rely on the expression of feelings to help convey their messages and is often the critical element that results in individuals accepting or rejecting a leader’s message.
		- When effective leaders want to implement significant changes, they rely on “the evocation, framing, and mobilization of emotions.’’

 F. Interpersonal Conflict

* + - Whenever conflicts arise, you can be fairly certain that emotions are also surfacing.
		- A manager’s success in trying to resolve conflicts, in fact, is often largely due to his or her ability to identify the emotional elements in the conflict and to get the conflicting parties to work through their emotions.

 G. Negotiation

* + - Displaying a negative emotion can be effective in negotiation
		- Emotions may impair negotiator performance

 H. Customer service

* + - Quality customer service makes demands on employees that can create emotional dissonance.
		- Emotional contagion is an important consideration.

 I. Job Attitudes

 J. Deviant Workplace Behaviors

* + - Negative emotions can lead to a number of deviant workplace behaviors.
		- Employee Deviance: Voluntary actions that violate established norms and which threaten the organization, its members, or both.
		- They fall into categories such as:
* *Production:* leaving early, intentionally working slowly
* *Property:* stealing, sabotage
* *Political:* gossiping, blaming coworkers
* Pers*onal aggression:* sexual harassment, verbal abuse
	+ - Many of these deviant behaviors can be traced to negative emotions. For example, envy is an emotion that occurs when you resent someone for having something that you do not, and which you strongly desire and can lead to malicious deviant behaviors.

**Teaching Note:** At this point in the lecture you may want to introduce OB in the News: *Workplace Grief Costs U.S. Employers Billions*, found in the text and at the end of this chapter.

K. How Managers Can Influence Moods

* + - Humor
		- Appreciation
		- Select positive team members

VI. SUMMARY AND IMPLICATIONS FOR MANAGERS

 A. Moods and emotions are both affective, they are part of an individual’s makeup

* + - Emotions are effected by events more readily than moods
		- Manager’s should pay attention to emotions of their employees

 B. Job Performance

* Negative emotions can hinder job performance
* Positive emotions can enhance job performance in two ways
	+ increase arousal for job
	+ recognize emotional labor as part of the job

 C. Functional/Dysfunctional emotions

* The more complex a task, the less emotional an employee can be before emotions interfere with job performance

Chapter 9

Expanded Chapter Outline

I. Defining and Classifying Groups

* + A group is defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.
	+ Groups can be either formal or informal.
* *Formal groups—t*hose defined by the organization’s structure, with designated work assignments establishing tasks.
	+ - * The behaviors that one should engage in are stipulated by and directed toward organizational goals.
			* An airline flight crew is an example of a formal group.
* *Informal groups*—alliances that are neither formally structured nor organizationally determined
	+ - * Natural formations in the work environment in response to the need for social contact.
			* Three employees from different departments who regularly eat lunch together is an informal group.
	+ It is possible to sub-classify groups as command, task, interest, or friendship groups. (Exhibit 9–1)
* *Command groups* are dictated by the formal organization.
	+ - * The organization chart determines a command group.
			* Composed of direct reports to a given manager.
* *Task groups*—organizationally determined—represent those working together to complete a job task.
	+ - * A task group’s boundaries are not limited to its immediate hierarchical superior. It can cross command relationships.
			* For instance, if a college student is accused of a campus crime, it may require communication and coordination among the dean of academic affairs, the dean of students, the registrar, the director of security, and the student’s advisor.
			* All command groups are also task groups, but the reverse need not be true.
		- *An interest group*. People who affiliate to attain a specific objective with which each is concerned.
			* Employees who band together to have their vacation schedules altered
			* Friendship groups often develop because the individual members have one or more common characteristics.
			* Social alliances, which frequently extend outside the work situation, can be based on similar age or ethnic heritage.
		- *Informal groups* satisfy their members’ social needs.
			* These types of interactions among individuals, even though informal, deeply affect their behavior and performance.
			* There is no single reason why individuals join groups.
			* Exhibit 9–1 summarizes the most popular reasons people have for joining groups.

II. Stages of Group Development

A. The Five-Stage Model (Exhibit 9–2)

* + *Forming:*
		- Characterized by a great deal of uncertainty about the group’s purpose, structure, and leadership.
		- Members are trying to determine what types of behavior are acceptable.
		- Stage is complete when members have begun to think of themselves as part of a group.
	+ *Storming:*
		- One of intragroup conflict. Members accept the existence of the group, but there is resistance to constraints on individuality.
		- Conflict over who will control the group.
		- When complete, there will be a relatively clear hierarchy of leadership within the group.
	+ *Norming*:
		- One in which close relationships develop and the group demonstrates cohesiveness.
		- There is now a strong sense of group identity and camaraderie.
		- Stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.
	+ *Performing:*
		- The structure at this point is fully functional and accepted.
		- Group energy has moved from getting to know and understand each other to performing.
		- For permanent work groups, performing is the last stage in their development.
	+ *Adjourning:*
		- For temporary committees, teams, task forces, and similar groups that have a limited task to perform, there is an adjourning stage.
		- In this stage, the group prepares for its disbandment. Attention is directed toward wrapping up activities.
		- Responses of group members vary in this stage. Some are upbeat, basking in the group’s accomplishments. Others may be depressed over the loss of camaraderie and friendships.
	+ Problems with the five-stage model
		- Many assume that a group becomes more effective as it progresses through the first four stages. While generally true, what makes a group effective is more complex. Under some conditions, high levels of conflict are conducive to high group performance.
		- Groups do not always proceed clearly from one stage to the next. Sometimes several stages go on simultaneously, as when groups are storming and performing. Groups even occasionally regress to previous stages.
		- Another problem is that it ignores organizational context. For instance, a study of a cockpit crew in an airliner found that, within ten minutes, three strangers assigned to fly together for the first time had become a high-performing group.
		- The strong organizational context provides the rules, task definitions, information, and resources needed for the group to perform.

B. An Alternative Model: For Temporary Groups with Deadlines

* + Temporary groups with deadlines do not seem to follow the previous model. Their pattern is called the *punctuated-equilibrium model*. Studies indicate their own unique sequencing. (Exhibit 9–3)
	+ Phase I—The first meeting sets the group’s direction; the first inertia phase. A framework of behavioral patterns and assumptions emerges. These lasting patterns can appear as early as the first few seconds of the group’s life can.
		- Then a transition takes place when the group has used up half its allotted time.
		- The group’s direction becomes fixed and is unlikely to be reexamined throughout the first half of the group’s life.
		- The group tends to stand still or become locked into a fixed course of action.
		- The group is incapable of acting on new insights in Phase 1.
		- The midpoint appears to work like an alarm clock, heightening members’ awareness that their time is limited and that they need to “get moving.” A transition initiates major changes.
		- This ends Phase 1 and is characterized by a concentrated burst of changes, dropping of old patterns, and adoption of new perspectives. The transition sets a revised direction for Phase 2.
	+ Phase 2 is a new equilibrium or period of inertia. In this phase, the group executes plans created during the transition period.
	+ The group’s last meeting is characterized by markedly accelerated activity.
	+ The punctuated-equilibrium model characterizes groups as exhibiting long periods of inertia interspersed with brief revolutionary changes triggered primarily by their members’ awareness of time and deadlines.

**Teaching Note:** At this point in the lecture you may want to introduce the POINT/COUNTERPOINT—*All Jobs Should Be Designed Around Groups* found in the text and at the end of these chapter notes. A suggestion for a class exercise follows the introduction of the material. ■

III. Group Properties: Roles, Norms, Status, Size, and Cohesiveness

 A. Introduction

* + “A set of expected behavior patterns attributed to someone occupying a given position in a social unit.”
1. Roles

1. Introduction

* + All group members are actors, each playing a role.
	+ “A set of expected behavior patterns attributed to someone occupying a given position in a social unit.”
	+ We are required to play a number of diverse roles, both on and off our jobs. Many of these roles are compatible; some create conflicts.
	+ Different groups impose different role requirements on individuals.

 2. Role Identity

* + There are certain attitudes and actual behaviors consistent with a role, and they create the role identity.
	+ People have the ability to shift roles rapidly when they recognize that the situation and its demands clearly require major changes.

3. Role Perception

* + One’s view of how one is supposed to act in a given situation is a role perception.
	+ We get these perceptions from stimuli all around us—friends, books, movies, television.
	+ The primary reason that apprenticeship programs exist is to allow beginners to watch an “expert,” so that they can learn to act as they are supposed to.

4. Role Expectations

* + How others believe you should act in a given situation.
	+ How you behave is determined to a large extent by the role defined in the context in which you are acting.
	+ When role expectations are concentrated into generalized categories, we have role stereotypes.
	+ The psychological contract is an unwritten agreement that exists between employees and their employer.
		- It sets out mutual expectations—what management expects from workers, and vice versa.
		- It defines the behavioral expectations that go with every role.
		- If role expectations as implied are not met, expect negative repercussions from the offended party.

5. Role Conflict

* + “When an individual is confronted by divergent role expectations”
	+ It exists when compliance with one role requirement may make more difficult the compliance with another.
	+ All of us have faced and will continue to face role conflicts. The critical issue is how conflicts imposed by divergent expectations impact on behavior.
	+ They increase internal tension and frustration.

6. An Experiment: Zimbardo’s Prison Experiment

* Conducted by Stanford University psychologist Philip Zimbardo and associates. They created a “prison” in the basement of the Stanford psychology building. They hired two-dozen emotionally stable, physically healthy, law-abiding students who scored “normal average” on extensive personality tests. Each student was randomly assigned the role of “guard” or “prisoner.” To get the experiment off to a “realistic” start, Zimbardo got the cooperation of the local police department: Police went, unannounced, to the future prisoners’ homes, arrested and handcuffed them, put them in a squad car in front of friends and neighbors, and took them to police headquarters where they were booked and fingerprinted. From there, they were taken to the Stanford prison. At the start of the planned two-week experiment, there were no measurable differences between those assigned to be guards and those chosen to be prisoners.

The guards received no special training in how to be prison guards. They were told only to “maintain law and order” in the prison and not to take any nonsense. Physical violence was forbidden. To simulate further the realities of prison life, the prisoners were allowed visits. Mock guards worked eight-hour shifts; the mock prisoners were kept in their cells around the clock and were allowed out only for meals, exercise, toilet privileges, head-count lineups, and work details. It took the “prisoners” little time to accept the authority positions of the guards, or the mock guards to adjust to their new authority roles. After the guards crushed a rebellion, the prisoners became increasingly passive. The prisoners actually began to believe and act as if they were inferior and powerless. Every guard, at some time during the simulation, engaged in abusive, authoritative behavior. Not one prisoner said, “Stop this. I am a student like you. This is just an experiment!” The simulation actually proved too successful in demonstrating how quickly individuals learn new roles. The researchers had to stop the experiment after only six days because of the pathological reactions that the participants were demonstrating.

* + What should you conclude from this prison simulation?
* The participants had learned stereotyped conceptions of guard and prisoner roles from the mass media and their own personal experiences in power and powerless relationships at home.
* This allowed them easily and rapidly to assume roles that were very different from their inherent personalities.

 C. Norms

1. Introduction

* + All groups have *norms*—“acceptable standards of behavior that are shared by the group’s members.” Norms tell members what they ought and ought not to do under certain circumstances.

 2. The Hawthorne Studies

* + Experiments conducted between 1924 and 1932 by Elton Mayo at Western Electric at the company’s Hawthorne Works in Chicago.
	+ Studies conclude that a worker’s behavior and sentiments were closely related.
	+ Group influences were significant in affecting individual behavior.
	+ Group standards were highly effective in establishing individual worker output.
	+ Money was less a factor in determining worker output.
	+ A work group’s norms are unique, yet there are still some common classes of norms.

 3. Common Classes of Norms

* + *Performance norms* are probably the most common class of norms.
* Explicit cues on how hard they should work, how to get the job done, their level of output, appropriate levels of tardiness, and the like.
* These norms are extremely powerful in affecting an individual employee’s performance.
	+ *Appearance norms* include things like appropriate dress, loyalty to the work group or organization, when to look busy, and when it is acceptable to goof off.
	+ *Social arrangement* norms come from informal work groups and primarily regulate social interactions within the group.
	+ *Allocation of resources norms* can originate in the group or in the organization.

 4. Conformity

* + - There is considerable evidence that groups can place strong pressures on individual members to change their attitudes and behaviors to conform to the group’s standard.
		- Individuals conform to the important groups to which they belong or hope to belong. However, all groups do not impose equal conformity pressures on their members. Important groups are referred to as *reference groups*.
		- The reference group is characterized as one where the person is aware of the others; the person defines himself or herself as a member, or would like to be a member; and the person feels that the group members are significant to him/her.
		- The pressure that group exerts for conformity was demonstrated by Solomon Asch. (See Exhibit 9–4).Groups of seven or eight people were asked to compare two cards held by the experimenter. One card had one line, the other had three lines of varying length. Under ordinary conditions, subjects made less than one percent error.
		- Will the pressures to conform result in an unsuspecting subject (USS) altering his/her answer to align with the others?
		- The experiment began with several sets of matching exercises. All the subjects gave the right answers.
		- On the third set, however, the first subject gave an obviously wrong answer, the next subject gave the same wrong answer, and so did the others until it got to the unknowing subject.
		- The results obtained by Asch demonstrated that over many experiments and many trials, subjects conformed in about 37% of the trials; the subjects gave answers that they knew were wrong but that were consistent with the replies of other group members.
* Has time altered the validity of these findings of nearly 50 years ago, and are they generalizable across cultures?
* There have been changes in the level of conformity over time. Levels of conformity have steadily declined.
* Asch’s findings are culture-bound. Conformity to social norms is higher in collectivist cultures than in individualistic cultures.

5. Deviant Workplace Behavior: (Exhibits 9–5 and 9–6). This term covers a full range of antisocial actions by organizational members that intentionally violate established norms and that result in negative consequences for the organization, its members, or both.

* + - Rudeness is on the rise and 12 percent of those who experienced it actually quit their jobs.
		- When deviant workplace behavior occurs it can affect employee commitment, cooperation, and motivation. This could lead to performance issues and a lack of job satisfaction.

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Arab Discrimination* found in the text and at the end of this chapter. ■

 D. Status

 1. Introduction

* + - Status is a socially defined position or rank given to groups or group members by others. We live in a class-structured society despite all attempts to make it more egalitarian.

 2. What Determines Status?

* + - Status characteristics theory – differences in status characteristics create status hierarchies within groups.
		- Status derived from one of three sources: the power a person wields over others; a person’s ability to contribute to group’s goals; individual’s personal characteristics.

 3. Status and Norms

* + - High-status members of groups often are given more freedom to deviate from norms than other group members.
		- High-status people also are better able to resist conformity pressures.
		- The previous findings explain why many star athletes, famous actors, top-performing salespeople, and outstanding academics seem oblivious to appearance or social norms.

 4. Status and Group Interaction

* + - Interaction is influenced by status
		- High-status people tend to be assertive
		- Status difference inhibit diversity of ideas & creativity
		- Lower-status members tend to be less active

 5. Status Inequity

* + - When inequity is perceived, it creates disequilibrium that results in corrective behavior.
			* + The trappings of formal positions are also important elements in maintaining equity. Employees expect what an individual has and receives to be congruent with his/her status. For example: pay, office space, etc.
		- Groups generally agree within themselves on status criteria.
		- Individuals can find themselves in a conflict situation when they move between groups whose status criteria are different or when they join groups whose members have heterogeneous backgrounds.

 6. Status and Culture

* + - Cultural differences affect status. For example, the French are highly status conscious.
		- Countries differ on the criteria that create status:
			* + Status for Latin Americans and Asians tends to be derived from family position and formal roles held in organizations.
				+ In the United States and Australia, it tends to be bestowed more on accomplishments.
		- Make sure you understand who and what holds status when interacting with people from a different culture than your own.

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Wildness Survival* found in the text and at the end of this chapter. The purpose of the exercise is to help students better understand group decision making, groupthink, and synergy. ■

E. Size

* + - The size of a group affects the group’s overall behavior, but the effect depends on the dependent variables: Smaller groups are faster at completing tasks than are larger ones.
			* + If the group is engaged in problem solving, large groups consistently do better.
				+ Large groups—a dozen or more members—are good for gaining diverse input.
				+ Smaller groups—seven members—are better at doing something productive with that input.
		- *Social loafing* is the tendency for individuals to expend less effort when working collectively than when working individually.
			* + A common stereotype about groups is that team spirit spurs individual effort and enhances overall productivity.
				+ In the late 1920s, a German psychologist named Max Ringelmann compared the results of individual and group performance on a rope-pulling task.
				+ Ringelmann’s results showed that groups of three people exerted a force only two-and-a-half times the average individual performance. Groups of eight collectively achieved less than four times the solo rate.
				+ Increases in group size are inversely related to individual performance.
				+ Replications of Ringelmann’s research generally support his findings.
				+ Causes of social loafing:
				+ A belief that others in the group are not carrying their fair share.
				+ The dispersion of responsibility and the relationship between an individual’s input and the group’s output is clouded.
				+ There will be a reduction in efficiency where individuals think that their contribution cannot be measured.
		- Implications for OB:
			* + Where managers utilize collective work situations to enhance morale and teamwork, they must also provide means by which individual efforts can be identified.
				+ It is not consistent with collective societies where individuals are motivated by in-group goals. The Chinese and Israelis actually performed better in a group than when working alone.
		- Other conclusions about groups:
			* + Groups with an odd number of members tend to be preferable.
				+ Groups made up of five or seven members do a pretty good job of exercising the best elements of both small and large groups.

**Teaching Note:** At this point in the lecture you may want to introduce the OB IN THE NEWS: *Goofing-Off in the Twenty-first Century: Cyberloafing* box found in the text and at the end of this chapter The purpose of the exercise is to replace popularly held notions with research-based conclusions. A suggestion for a class exercise follows the introduction of the material. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *”Group Cohesiveness Across Cultures”* found in the text and at the end of this chapter. Teams in individualist cultures responded more strongly than did teams in collectivist cultures. ■

 F. Cohesiveness (Exhibit 9–7)

* + - Groups differ in their *cohesiveness*, “the degree to which members are attracted to each other and are motivated to stay in the group.”
		- Cohesiveness is important because it has been found to be related to the group’s productivity.
		- The relationship of cohesiveness and productivity depends on the performance-related norms established by the group:
			* + If performance-related norms are high, a cohesive group will be more productive.
				+ If cohesiveness is high and performance norms are low, productivity will be low.
		- How to encourage group cohesiveness:
			* + Make the group smaller.
				+ Encourage agreement with group goals.
				+ Increase the time members spend together.
				+ Increase the status of the group and the perceived difficulty of attaining membership in the group.
				+ Stimulate competition with other groups.
				+ Give rewards to the group rather than to individual members.
				+ Physically isolate the group.

IV. Group Decision Making

A. Groups Versus the Individual

 1. Strengths of Group Decision Making

* + - Groups generate more complete information and knowledge.
		- They offer increased diversity of views.
		- This opens up the opportunity for more approaches and alternatives to be considered.
		- The evidence indicates that a group will almost always outperform even the best individual.
		- Groups lead to increased acceptance of a solution.

2. Weaknesses of Group Decision Making

* + - They are time consuming.
		- There is a conformity pressure in groups.
		- Group discussion can be dominated by one or a few members.
		- Group decisions suffer from ambiguous responsibility.

3. Effectiveness and Efficiency

* + - Whether groups are more effective than individuals depends on the criteria you use.
		- In terms of accuracy, group decisions will tend to be more accurate.
		- On the average, groups make better-quality decisions than individuals.
		- If decision effectiveness is defined in terms of speed, individuals are superior.
		- If creativity is important, groups tend to be more effective than individuals.
		- If effectiveness means the degree of acceptance the final solution achieves, groups are better.
		- In terms of efficiency, groups almost always stack up as a poor second to the individual decision maker. The exceptions tend to be those instances where, to achieve comparable quantities of diverse input, the single decision maker must spend a great deal of time reviewing files and talking to people.

4. Summary

* + - Groups offer an excellent vehicle for performing many of the steps in the decision-making process.
			* + They are a source of both breadth and depth of input for information gathering.
				+ When the final solution is agreed upon, there are more people in a group decision to support and implement it.
				+ Group decisions consume time, create internal conflicts, and generate pressures toward conformity.

**Teaching Note:** At this point in the lecture you may want to introduce the MYTH OR SCIENCE? *“Two* *Heads are Better Than One.”* box found in the text and at the end of this chapter. The purpose of the exercise is to replace popularly held notions with research-based conclusions. A suggestion for a class exercise follows the material. ■

 B. Groupthink and Groupshift

 1. Groupthink

* + - *Groupthink* is related to norms
		- It describes situations in which group pressures for conformity deter the group from critically appraising unusual, minority, or unpopular views.
		- Groupthink is a disease that attacks many groups and can dramatically hinder performance.
		- The phenomenon that occurs when group members become so enamored of seeking concurrence is that the norm for consensus overrides the realistic appraisal of alternative courses of action and the full expression of deviant, minority, or unpopular views.
		- It is a deterioration in an individual’s mental efficiency, reality testing, and moral judgment as a result of group pressures.
		- Symptoms of Groupthink include:
* Group members rationalize any resistance to the assumptions they have made.
* Members apply direct pressures on those who momentarily express doubts.
* Those members who hold differing points of view seek to avoid deviating from group consensus by keeping silent.
* There appears to be an illusion of unanimity.
	+ - In studies of historic American foreign policy decisions, these symptoms were found to prevail when government policy-making groups failed. Examples:
* Unpreparedness at Pearl Harbor in 1941
* The U.S. invasion of North Korea
* The Bay of Pigs fiasco
* The escalation of the Vietnam War
* The Challenger and Columbia space shuttle disasters
* The failure of the main mirror on the Hubble telescope
	+ - Groupthink appears to be closely aligned with the conclusions Asch drew from his experiments on the lone dissenter. The results were that individuals who hold a position different from the majority are put under pressure to suppress or change their true beliefs.
		- Groupthink does not attack all groups. It occurs most often where there is a clear group identity, where members hold a positive image of their group which they want to protect, and where the group perceives a collective threat to this positive image.
		- How to minimize groupthink:
* Encourage group leaders to play an impartial role.
* Appoint one group member to play the role of devil’s advocate.
* Utilize exercises that stimulate active discussion of diverse alternatives without threatening the group and intensifying identity protection.

**Teaching Note:** At this point in the lecture you may want to introduce Case Incident 2: *The Dangers of Groupthink*, found in the text and at the end of this chapter. The case explores poor decisions when a group is paralyzed by groupthink.

2. Groupshift

* + - It indicates that, in discussing a given set of alternatives and arriving at a solution, group members tend to exaggerate the initial positions that they held. In some situations, caution dominates, and there is a conservative shift.
		- The evidence indicates that groups tend toward a risky shift. Let us look at each of these phenomena in more detail.
* In some cases, the group decisions are more conservative than the individual decisions. More often, however, the shift is toward greater risk.
* What appears to happen in groups is that the discussion leads to a significant shift in the positions of members toward a more extreme position in the direction in which they were already leaning before the discussion. Conservatives become more cautious, and the more aggressive take on more risk.
* The groupshift can be viewed as actually a special case of groupthink. The decision of the group reflects the dominant decision-making norm that develops during the group’s discussion.
* The greater occurrence of the shift toward risk has generated several explanations:
* Discussion creates familiarization among the members. As they become more comfortable with each other, they also become more bold and daring.
* Most first-world societies value risk. We admire individuals who are willing to take risks. Group discussion motivates members to show that they are at least as willing as their peers to take risks.
* The most plausible explanation of the shift toward risk, however, seems to be that the group diffuses responsibility.
* Group decisions free any single member from accountability for the group’s final choice.
	+ - Implications of Groupshift:
* Recognize that group decisions exaggerate the initial position of the individual members.
* The shift has been shown more often to be toward greater risk.

 C. Group Decision-Making Techniques (Exhibit 9–9)

* + - Most group decision making takes place in interacting groups.
* In these groups, members meet face to face and rely on both verbal and nonverbal interaction to communicate with each other.
* Interacting groups often censor themselves and pressure individual members toward conformity of opinion.
* Brainstorming, the nominal group technique, and electronic meetings have been proposed as ways to reduce many of the problems inherent in the traditional interacting group.
	+ - Brainstorming
* It is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives.
* In a typical brainstorming session, a half dozen to a dozen people sit around a table.
* The process:
* The group leader states the problem clearly.
* Members then “free-wheel” as many alternatives as they can in a given length of time.
* No criticism is allowed, and all the alternatives are recorded for later discussion and analysis.
* One idea stimulates others, and group members are encouraged to “think the unusual.”
	+ - The nominal group technique:
* Restricts discussion or interpersonal communication during the decision-making process.
* Group members are all physically present, but members operate independently.
* Specifically, a problem is presented, and then the following steps take place:
* Members meet as a group but, before any discussion takes place, each member independently writes down his or her ideas on the problem.
* After this silent period, each member presents one idea to the group. Each member takes his or her turn.
* The group now discusses the ideas for clarity and evaluates them.
* Each group member silently and independently rank-orders the ideas.
* The idea with the highest aggregate ranking determines the final decision.
	+ - The chief advantage of the nominal group technique is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group.
		- The computer-assisted group or electronic meeting blends the nominal group technique with sophisticated computer technology.
		- Up to 50 people sit around a horseshoe-shaped table, empty except for a series of computer terminals.
		- Issues are presented to participants, and they type their responses onto their computer screen.
		- Individual comments, as well as aggregate votes, are displayed on a projection screen.
		- The major advantages of electronic meetings are anonymity, honesty, and speed.

Chapter 10

Expanded Chapter Outline

I. Why Have Teams Become So Popular?

* Twenty years ago, it made news because no one else was doing it. Today, it is the organization that does not use teams that has become newsworthy.
* The current popularity of teams seems based on the evidence that teams typically outperform individuals when the tasks being done require multiple skills, judgment, and experience.
* As organizations have restructured, they have turned to teams to better utilize employee talents.
* The motivational properties of teams = significant factor. The role of employee involvement as a motivator—teams facilitate employee participation in operating decisions.

**Teaching Note:** At this point in the lecture you may want to introduce the OB IN THE NEWS: *Teams Work to Save Lives in Tsunami-Stricken Asia* found in the text

II. Differences Between Groups and Teams

* Groups and teams are not the same thing. (See Exhibit 10–1).
	+ - In the last chapter, we defined a *group* as “two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.”
		- A work group is a group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility.
			* Work groups have no need or opportunity to engage in collective work that requires joint effort. Their performance is the summation of each group member’s individual contribution.
			* There is no positive synergy.
		- A work team generates positive synergy through coordinated effort. Individual efforts result in a level of performance that is greater than the sum of those individual inputs.
* Management is looking for that positive synergy that will allow their organizations to increase performance.
* The extensive use of teams creates the potential for an organization to generate greater outputs with no increase in inputs. Merely calling a group a team doesn’t automatically increase its performance.

**Teaching Note:** At this point in the lecture you may want to introduce TEAM EXERCISE – *Fixed Versus Variable Flight Crews*, found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material.

III. Types of Teams (Exhibit 10–2)

A. Problem-Solving Teams

* Twenty years ago, teams were just beginning to grow in popularity and most took similar form. They are typically composed of 5–12 hourly employees from the same department who met for a few hours each week to discuss ways of improving quality, efficiency, and the work environment.
* Members share ideas or offer suggestions on how work processes and methods can be improved. Rarely are they given the authority to unilaterally implement their suggested actions.
* One of the most widely practiced applications during the 1980s was quality circles.

B. Self-Managed Work Teams

* Problem-solving teams did not go far enough in getting employees involved in work-related decisions and processes. This led to experimentation with truly autonomous teams.
* These groups of employees (typically 10–15 in number) perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors.
* This includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, and taking action on problems.
* Fully self-managed work teams even select their own members and have the members evaluate each other’s performance. As a result supervisory roles become less important.
* Business periodicals documented successful applications of self-managed teams. In spite of these impressive stories, a word of caution:
* Some organizations have been disappointed with the results from self-managed teams.
* Teams do not seem to work well during organizational downsizing.
* The overall research on the effectiveness of self-managed work teams has not been uniformly positive.
* Moreover, while individuals on teams do tend to report higher levels of job satisfaction, they also sometimes have higher absenteeism and turnover rates.
* The effectiveness of self-managed teams is situationally dependent.
* Care needs to be taken when introducing self-managed teams globally.

C. Cross-Functional Teams

* These are teams made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.
* Many organizations have used horizontal, boundary-spanning groups for years.
* IBM created a large task force in the 1960s—made up of employees from across departments in the company—to develop the highly successful System 360.
* A task force is really nothing other than a temporary cross-functional team.
* The popularity of cross-discipline work teams exploded in the late 1980s.
* Cross-functional teams are challenging to manage.

D. Virtual Teams

* The previous types of teams do their work face to face. Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal.
* They allow people to collaborate online.
* Virtual teams can do all the things that other teams do.
* They can include members from the same organization or link an organization’s members with employees from other organizations.
* They can convene for a few days to solve a problem, a few months to complete a project, or exist permanently.
* The three primary factors that differentiate virtual teams:
* The absence of paraverbal and nonverbal cues. These help clarify communication by providing increased meaning, but aren’t available in online interactions.
* Limited social context. Virtual teams often suffer from less social rapport and less direct interaction among members.
* The ability to overcome time and space constraints. Virtual teams allow people to work together who might otherwise never be able to collaborate.

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *“Global Virtual Teams”* found in the text and at the end of this chapter. To create and implement effective global virtual teams, managers must carefully select employees who they believe will thrive in such an environment. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *A Virtual Team at T.A. Stearns* found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material. ■

IV. Creating Effective Teams

 A. Introduction

* Factors for creating effective teams have been summarized in the model found in Exhibit 10–3.
* Two caveats:
* First, teams differ in form and structure—be careful not to rigidly apply the model’s predictions to all teams.
* Second, the model assumes that it is already been determined that teamwork is preferable over individual work.
* Four key components:
* Contextual influences
* Team’s composition
* Work design
* Process variables

 B. Context

 1. Adequate Resources

* All work teams rely on resources outside the group to sustain it.
* A scarcity of resources directly reduces the ability of the team to perform its job effectively.
* As one set of researchers concluded, “perhaps one of the most important characteristics of an effective work group is the support the group receives from the organization.’’

 2. Leadership and Structure

* Agreeing on the specifics of work and how they fit together to integrate individual skills requires team leadership and structure.
* Leadership is not always needed. Self-managed work teams often perform better than teams with formally appointed leaders.
* On traditionally managed teams, we find that two factors seem
* Influence team performance:
* The leader’s expectations and his or her mood.
* Leaders who expect good things from their team are more likely to get them!

 3. Climate of Trust

* Members of effective teams trust each other and exhibit trust in their leaders.
* When members trust each other they are more willing to take risks.
* When members trust their leadership they are more willing to commit to their leader’s goals and decisions.

 4. Performance Evaluation and Reward Systems

* How do you get team members to be both individually and jointly accountable? The traditional, individually oriented evaluation and reward system must be modified to reflect team performance.
* Individual performance evaluations, fixed hourly wages, individual incentives are not consistent with the development of high-performance teams.
* Management should consider group-based appraisals, profit sharing, gainsharing, small-group incentives, and other system modifications that will reinforce team effort and commitment.

 C. Composition

1. Abilities of Members

* Teams require three different types of skills:
* Technical expertise
* Problem-solving and decision-making skills
* Good listening, feedback, conflict resolution, and other interpersonal skills
* The right mix is crucial. It is not uncommon for one or more members to take responsibility to learn the skills in which the group is deficient, thereby allowing the team to reach its full potential.

 2. Personality

* Many of the dimensions identified in the Big Five personality model have shown to be relevant to team effectiveness.
* Teams that rate higher in mean levels of extraversion, agreeableness, conscientiousness, and emotional stability tend to receive higher managerial ratings for team performance.
* The variance in personality characteristics may be more important than the mean. A single team member who lacks a minimal level of, say, agreeableness can negatively affect the whole team’s performance.

 3. Allocating Roles (Exhibit 10–4)

* Teams have different needs, and people should be selected for a team to ensure that there is diversity and that all various roles are filled.
* Managers need to understand the individual strengths that each person can bring to a team, select members with their strengths in mind, and allocate work assignments accordingly.

 4. Diversity

* Diversity in terms of personality, gender, age, educational, functional specialization, and experience increase the probability that the team will complete its tasks effectively.
* Racial and national differences interfere with team processes in the short term.
* Over time, however, culturally diverse teams function effectively over time.
* The degree to which members of a group share common characteristics such as age, sex, race educational level, or length of service, is termed group demography.
* Cohorts are defined as individual who hold a common attribute.

 5. Size of Teams

* The most effective teams are neither very small (under four or five) nor very large (over a dozen). Effective teams—managers should keep them under 10 people.
* Very small teams are likely to lack for diversity of views.
* Large teams have difficulty getting much done.

 6. Member Flexibility

* This is an obvious plus because it greatly improves its adaptability and makes it less reliant on any single member.

 7. Member Preferences

* Not every employee is a team player.
* Given the option, many employees will select themselves out of team participation.
* High performing teams are likely to be composed of people who prefer working as part of a group.

D. Work Design

* Includes variables like freedom and autonomy, the opportunity to use different skills and talents, the ability to complete a whole task.

E. Process (Exhibit 10–5)

1. Common Purpose

* Effective teams have a common and meaningful purpose that provides direction, momentum, and commitment for members.
* This purpose is a vision. It is broader than specific goals.

2. Specific Goals

* Successful teams translate their common purpose into specific, measurable, and realistic performance goals. They energize the team.
* Specific goals facilitate clear communication and help teams maintain their focus on results. Team goals should be challenging.

3. Team Efficacy

* Effective teams have confidence in themselves and believe they can succeed—this is team efficacy. Success breeds success.
* Management can increase team efficacy by helping the team to achieve small successes and skill training.
* Small successes build team confidence.
* The greater the abilities of team members, the greater the likelihood that the team will develop confidence and the capability to deliver that confidence.

4. Conflict Levels

* Conflict on a team is not necessarily bad. Teams that are completely void of conflict are likely to become apathetic and stagnant.
* Relationship conflicts—those based on interpersonal incompatibilities, tension, and animosity toward others—are almost always dysfunctional.
* On teams performing nonroutine activities, disagreements among members about task content (called task conflicts) are not detrimental. It is often beneficial because it lessens the likelihood of groupthink.

5. Social Loafing

* Individuals can hide inside a group. Effective teams undermine this tendency by holding themselves accountable at both the individual and team level.

**Teaching Note:** At this point in the lecture you may want to introduce the POINT/COUNTERPOINT *Sports Teams Are Good Models for Workplace Teams* found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material. ■

or

**Teaching Note:** At this point in the lecture you may want to introduce Case Incident 2 – *Team-Building Retreats*, found in the text and at the end of this chapter.

V. Turning Individuals into Team Players

 A. Introduction

* Many people are not inherently team players. They are loners or want to be recognized for their own accomplishments.
* There are also a great many organizations that have historically nurtured individual accomplishments. How do we introduce teams in highly individualistic environments?

 B. The Challenge

* An employee’s success is no longer defined in terms of individual performance.
* To perform well as team members, individuals must be able to communicate openly and honestly, to confront differences and resolve conflicts, and to sublimate personal goals for the good of the team.
* The challenge of creating team players will be greatest where:
* The national culture is highly individualistic.
* The teams are being introduced into an established organization that has historically valued individual achievement.
* On the other hand, the challenge for management is less demanding when teams are introduced where employees have strong collectivist values or in new organizations that use teams initially for organizing work. For example, Saturn Corp. employees were hired knowing they would be working in teams.

 C. Shaping Team Players

1. Selection

* Some people already possess the interpersonal skills to be effective team players. Care should be taken to ensure that candidates could fulfill their team roles as well as technical requirements.
* Many job candidates do not have team skills:
* This is especially true for those socialized around individual contributions.
* The candidates can undergo training to “make them into team players.”
* In established organizations that decide to redesign jobs around teams, it should be expected that some employees will resist being team players and may be untrainable.

2. Training

* A large proportion of people raised on the importance of individual accomplishment can be trained to become team players.
* Workshops help employees improve their problem-solving, communication, negotiation, conflict-management, and coaching skills.
* Employees also learn the five-stage group development model.

3. Rewards

* The reward system needs to encourage cooperative efforts rather than competitive ones. Promotions, pay raises, and other forms of recognition should be given to individuals for how effective they are as a collaborative team member.
* This does not mean individual contribution is ignored; rather, it is balanced with selfless contributions to the team.
* There are other intrinsic rewards to being on a team. One example is that teams provide camaraderie:
* It is exciting and satisfying to be an integral part of a successful team.
* The opportunity to engage in personal development

**Teaching Note:** At this point in the lecture you may want to introduce ETHICAL DILEMMA – *Pressure to be a Team Player*, found in the text and at the end of this chapter. Suggested questions for a class discussion are included in the material.

VI. Teams and Quality Management

* Why are teams an essential part of QM?
* The essence of QM is process improvement, and employee involvement is the linchpin of process improvement.
* All such techniques and processes require high levels of communication and contact, response and adaptation, and coordination and sequencing.
* They require the environment that can be supplied only by superior work teams.
* Teams provide the natural vehicle for employees to share ideas and to implement improvements.

VII. Beware! Teams Are Not Always the Answer

* Teamwork takes more time and often more resources than individual work.
* Teams increase communication demands, conflicts to be managed, and meetings to be run.
* Some managers have introduced them into situations where the work is better done by individuals.
* Three Tests:
* First, can the work be done better by more than one person?
* Second, does the work create a common purpose or set of goals for the people in the group that is more than the aggregate of individual goals?
* The final test to assess whether teams fit the situation is: Are the members of the group interdependent?

VIII. SUMMARY AND IMPLICATIONS FOR MANAGERS

 A. Effective Teams have several things in common:

* Adequate resources
* Effective leadership
* Climate of trust
* Reward systems based on teamwork

 B. Individuals on teams are:

* Committed to a common purpose
* Have specific team goals
* Believe in the team’s capabilities
* Manage conflict
* Keep social loafing to a minimum

Chapter11

Expanded Chapter Outline

I. Functions of Communication

* Communication is more than merely imparting meaning. An idea, no matter how great, is useless until it is transmitted and understood by others. It must include both the *transference* and *the understanding of meaning*. There are four major functions of communication:
	+ - Control
* Communication acts to control member behavior in several ways:
	+ - * + Organizations have authority hierarchies and formal guidelines that employees are required to follow.
				+ Informal communication also controls behavior. When work groups tease or harass a member who produces too much, they are informally communicating with, and controlling, the member’s behavior.
		- Motivation
* Communication fosters motivation by clarifying to employees what is to be done, how well they are doing, and what can be done to improve performance.
* The formation of specific goals, feedback on progress toward the goals, and reinforcement of desired behavior all stimulate motivation and require communication.
	+ - Emotional Expression
* Communication provides a release for the emotional expression of feelings and for fulfillment of social needs. For many employees, their work group is a primary source for social interaction.
	+ - Information
* Communication facilitates decision making. It provides information by transmitting the data to identify and evaluate alternative choices.
* No one of these four functions is more important than the others. You can assume that almost every communication interaction that takes place in a group or organization performs one or more of these four functions.

II. The Communication Process

* Before communication can take place a purpose expressed as a message to be conveyed, is needed. (See Exhibit 11–1)*.*
	+ - It passes between a source (the sender) and a receiver.
		- The message is encoded (converted to symbolic form) and is passed by way of some medium (channel) to the receiver, who retranslates (decodes) the message initiated by the sender.
		- The result is transference of meaning from one person to another.
* The communication model is made up of eight parts: the source, encoding, the message, the channel, decoding, the receiver, noise, and feedback:
	+ - The source initiates a message by encoding a thought.
		- The message is the actual physical product from the source.
		- The channel is the medium through which the message travels.
		- The receiver is the object to whom the message is directed.
		- Decoding—the symbols in the message must be translated into a form that can be understood by the receiver.
		- The receiver is limited by his/her skills, attitudes, knowledge, and social-cultural system.
		- Noise represents communication barriers that distort the clarity of the message.
		- Feedback is the check on how successful we have been in transferring our messages as originally intended.

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *An Absence of Nonverbal Communication* box found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material. ■

III. Direction of Communication

1. Downward

* Communication that flows from one level of a group organization to a lower level is a downward communication. This is typically what we think of when managers communicate with workers.
* Its purpose is to assign goals, provide instructions, communicate policies and procedures, provide feedback, etc.
* It does not have to be face-to-face or an oral communication.

2. Upward

* Upward communication flows to a higher level in the group or organization.
* It is used to provide feedback to higher-ups, inform them of progress, and relay current problems.
* Examples of upward communication are: performance reports prepared by lower management for review by middle and top management, suggestion boxes, employee attitude surveys, etc.

3. Lateral

* When communication takes place among members of the same work group, among members of work groups at the same level, among managers at the same level, or among any horizontally equivalent personnel, horizontal communications are often necessary to save time and facilitate coordination. In some cases, these lateral relationships are formally sanctioned. Often, they are informally created to short-circuit the vertical hierarchy and expedite action.
* They can create dysfunctional conflicts when the formal vertical channels are breached, when members go above or around their superiors to get things done, or when bosses find out that actions have been taken or decisions made without their knowledge.

IV. Interpersonal Communication

A. Oral Communication

* Oral communication is the chief means of conveying messages. Speeches, formal one-on-one and group discussions, and informal rumor mill or grapevine are popular forms of oral communication.
* Advantages are speed and feedback. A major disadvantage arises when the message must be passed through a number of people. This increases the potential for distortion.

B. Written Communication

* Written communications include memos, letters, electronic mail, faxes, periodicals, bulletin boards, etc.
* Advantages include that they are tangible and verifiable. A written record is available for later use. People are more careful when communication is via written word.
* Drawbacks include: time-consuming, lack of feedback, and no guarantee of receipt.

C. Nonverbal Communication

* We send a nonverbal message every time we send a verbal one. At times the nonverbal message may stand alone. They include body movements, facial expressions, and the physical distance between sender and receiver.
* We use body language to convey a message and typically do unconsciously.
* The two most important messages body language conveys is the extent to which an individual likes another and is interested in his or her views and the relative perceived status between sender and receiver.
* Intonations can change the meaning of a message. (See Exhibit 11–2)
* Facial expressions convey meaning.
* Physical distance or the way individuals space themselves also has meaning.
* Proper physical spacing is dependent on cultural norms.

**Teaching Note:** At this point in the lecture you may want to introduce the MYTH OR SCIENCE? *“People Are Good at Catching Liars at Work”* box found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material. ■

V. Organizational Communication

A. Formal Small-Group Networks

* There are three common small-group networks: the chain, wheel, and all-channel. (See Exhibit 11–3)
	+ - * The *chain* rigidly follows the formal chain of command.
			* The *wheel* relies on the leader to act as the central conduit for all the group’s communication.
			* The *all-channel network* permits all group members to actively communicate with each other.
* The effectiveness of each network depends on the dependent variable with which you are concerned. No single network will be best for all occasions. (See Exhibit 11–4)

B. The Grapevine

* A recent survey found that 75 percent of employees hear about matters first through rumors on the grapevine.
* Three main characteristics of a grapevine:
	+ - * First, it is not controlled by management.
			* Second, it is perceived by most employees as being more believable and reliable than formal communiqués.
			* Third, it is largely used to serve the self-interests of those people within it.
* One of the most famous studies of the grapevine:
	+ - * The approach was to learn from each communication recipient how he/she first received a given piece of information and then trace it back to its source.
			* It was found that, while the grapevine was an important source of information, only 10 percent of the executives acted as liaison individuals.
* Two other conclusions:
	+ - * Information on events of general interest tended to flow between the major functional groups.
			* No evidence surfaced to suggest that members of any one group consistently acted as liaisons; rather, different types of information passed through different liaison persons.
* An attempt to replicate this study among employees in a small state government office also found that only a small percentage (10 percent) acted as liaison individuals.
	+ - * This is interesting, since the replication contained a wider spectrum of employees.
			* The flow of information in the government office took place within, rather than between, functional groups.
* The evidence indicates that about 75 percent of what is carried is accurate.
* Research indicates that rumors emerge as a response to situations that are important to us, where there is ambiguity, and under conditions that arouse anxiety.
* The grapevine is an important part of any group or organization’s communication network and well worth understanding. It identifies for managers those confusing issues that employees consider important and anxiety-provoking.
* It acts as both a filter and a feedback mechanism, picking up the issues that employees consider relevant.
* By assessing which liaison individuals will consider a given piece of information to be relevant, we can improve our ability to explain and predict the pattern of the grapevine.
* Management cannot eliminate rumors, but it can minimize the negative consequences. Exhibit 11–5 offers a few suggestions for minimizing those negative consequences.

C. Computer-Aided Communication

1. E-mail

* Uses the Internet to transmit and receive computer-generated text and documents.
* Growth has been significant. Common belief is that people are being swamped with e-mails. Recent study shows that majority of Americans who access e-mail at work, receive 10 or fewer e-mails per day.
* Only 6 percent of employees with e-mail access report receiving more than 50 messages per day.
* Benefits include: they can be quickly written, edited and stored, they are easily distributed, and they are a fraction of the cost of printed communications.
* Drawbacks include: information overload, the time to read excessive amounts of e-mail, lack of emotional content.
* Efforts have been made to create emotional icons.
* Remote nature of e-mail fuels “conflict spirals”

2. Instant Messaging

* IM is now rapidly moving into business; it is essentially real-time e-mail.
* Growth of IM has been spectacular. In 2001, 8 percent of American employees were using it; in 2004, it was up to 18 percent.
* IM provides advantages over e-mail. No delay, no in-box clutter, and no uncertainty as to whether the message was received.

3. Intranet and Extranet Links

* Intranets are networks that only organizational members can access.
* Extranets are links organizations create to connect employees with suppliers, customers, and strategic partners.

4. Videoconferencing

* An extension of intranet and extranet systems. It permits employees in an organization to have meetings with people at different locations. Can be done in rooms with special cameras, or now via personal computer with camera and microphones.

5. Summary

* Computer-aided communications are reshaping the way we communicate in organizations. Pagers, cell phones, and personal communicators allow employees to be available for and instant access to communicating with others.
* Organizational boundaries are less relevant—employees can jump vertical levels within the organization, work from home, or be somewhere other than an organizationally owned facility.

**Teaching Note:** At this point in the lecture you may want to introduce the OB IN THE NEWS: *Internet Gripe Sites* box found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material. ■

D. Knowledge Management

* Knowledge Management (KM) is a process of organizing and distributing an organization’s collective wisdom so the right information gets to the right people at the right time.
* KM provides an organization with a competitive edge and improved performance.
* KM is increasingly important for at least three reasons:
* Intellectual assets are equally important as physical or financial assets.
* Baby boomers will begin to leave the workforce; they represent a wealth of knowledge that will be lost if there are no attempts to capture it.
* A well-designed KM system will make the organization more efficient.
* KM won’t work unless the culture supports sharing of information.

VI. Choice of Communication Channel

* People choose one channel of communication over another for several reasons. A model of media richness has been developed to explain channel selection among managers.
* Recent research has found that channels differ in their capacity to convey information (Exhibit 11–6). Some are rich in that they have the ability to:
* Handle multiple cues simultaneously.
* Facilitate rapid feedback.
* Be very personal.
* The choice of one channel over another depends on whether the message is routine or nonroutine.
* Routine messages tend to be straightforward and have a minimum of ambiguity.
* Nonroutine messages tend to be complicated and have the potential for misunderstanding.
* Routine messages can efficiently be communicated through channels that are lower in richness. However, nonroutine messages can effectively be communicated only by selecting rich channels.
* High-performing managers tend to be more media-sensitive than low-performing managers.

VII. Barriers to Effective Communication

A. Filtering

* + - *Filter* refers to a sender’s purposely manipulating information so it will be seen as more favorable by the receiver. For example, telling the boss what she wants to hear.
		- The more levels in an organization’s structure, the more opportunities there are for filtering. Being reluctant to give bad news, or trying to please one’s boss distorts upward communications.

B. Selective Perception

* + - Receivers in their communication process selectively see and hear based on their needs, motivations, experience, background, and other personal characteristics.
		- Receivers project their interests and expectations into communications as they decode them.

C. Information Overload

* + - When the information we have to work with exceeds our processing capacity, the result is information overload.
		- The result is they tend to select out, ignore, pass over, or forget information. Or they may put it aside until the overload situation is over. The result is lost information and less effective communication.

D. Emotions

* + - How a receiver feels at the time a message is received will influence how he or she interprets it. Extreme emotions are likely to hinder effective communication.
		- During those times we are most likely to disregard objective thinking and substitute emotions for judgments.

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *James W. Caruso Has Communication Problems* found in the text and at the end of this chapter. ■

E. Language

* + - Words mean different things to different people. English—our common language—is far from uniform in usage.
		- Individuals interpret meanings in different ways. For example, incentives and quotas are often perceived as implying manipulation causing resentment among lower levels of the organization.

F. Communication Apprehension

* + - An estimated five-to-twenty percent of the population suffer from communication apprehension. They experience undue tension or anxiety in oral and/or written communication. They may find it difficult to talk with others face-to-face or on the telephone.
		- Studies show those affected with communication apprehension avoid jobs where communication is a dominant requirement.
		- Managers need to be aware there is a group of people who severely limit their communications with others and rationalize the behavior telling themselves it is not necessary for them to do their jobs effectively.

VIII. Current Issues in Communication

A. Communication Barriers Between Women and Men

* + - Research by Deborah Tannen provides important insights into the differences between men and women in terms of their conversational styles. What her studies show is:
* Men use talk to emphasize status, while women use it to create connection. Not every man or woman, but “A larger percentage of women or men as a group talk in a particular way, or individual women and men are more likely to talk one way or the other.’’
* Communication is continually juggling the conflicting needs for intimacy and independence. Intimacy emphasizes closeness and commonalties. Independence emphasizes separateness and differences.
* Women speak and hear a language of connection and intimacy; men speak and hear a language of status, power, and independence.
* For many men, conversations are primarily a means to preserve independence and maintain status in a hierarchical social order.
* For many women, conversations are negotiations for closeness in which people try to seek and give confirmation and support.
	+ - Male patterns
* Men frequently complain that women talk on and on about their problems. When men hear a problem, they frequently assert their desire for independence and control by offering solutions.
* Men are often more direct than women in conversation. Men frequently see female indirectness as “covert” or “sneaky,” but women are not as concerned as men with the status and one-upmanship that directness often creates.
* Men can frequently misinterpret women’s less boastfulness incorrectly, concluding that a woman is less confident and competent than she really is.
* Finally, men often criticize women for seeming to apologize all the time.
	+ - Female patterns
* Women criticize men for not listening. Many women view telling a problem as a means to promote closeness. The women present the problem to gain support and connection, not to get the male’s advice. Mutual understanding is symmetrical, but giving advice is asymmetrical—it sets the advice giver up as more knowledgeable, more reasonable, and more in control.
* Women tend to be less boastful than men.
* Women frequently use “I’m sorry” to express regret and restore balance to a conversation. It is an expression of understanding and caring about the other person’s feelings rather than an apology.

B. Silence as Communication

* + - *Silence*—defined as “an absence of speech or noise—can be interpreted as an inaction or non-behavior. However, it can be a powerful form of communication.”
		- It can mean someone is thinking, is anxious and fearful of speaking, and it can signal disagreement, dissent, frustration, or anger.
		- Silence is a critical element of groupthink. It can also be a way for employees to express dissatisfaction and “suffer in silence.”
		- Failing to pay close attention to silence can result in missing a vital part of the message.

C. “Politically Correct” Communication

* + - What words do you use to describe . . . ? The right answers can mean the difference between losing a client, an employee, a lawsuit, a harassment claim, or a job.
		- Our vocabulary has been modified to reflect political correctness, and more importantly, to be sensitive to others’ feelings. Certain words can and do stereotype, intimidate, and insult individuals. (See Exhibit 11–7)
		- There is a downside to political correctness:
* It is shrinking our vocabulary and making it more difficult for people to communicate. To illustrate, these four terms have been found to offend one or more groups:
* Offending term substitute with politically correct substitute

 death *with* negative-patient outcome

 garbage *with* post-consumer waste materials

 quotas *wit*h educational equity

 women  *with* people of gender

* + - * The problem is that this latter group of terms is much less likely to convey a uniform message than the words they replaced.
			* Politically correct language is contributing a new barrier to effective communication.
			* When we eliminate words from usage because they are politically incorrect, we reduce our options for conveying messages in the clearest and most accurate form.
			* By removing certain words from our vocabulary, we make it harder to communicate accurately.
			* We must be sensitive to how our choice of words might offend others, but we also have to be careful not to sanitize our language to the point where it clearly restricts clarity of communication.

D. Cross-Cultural Communication (See Exhibit 11–8)

1. Cultural Barriers:

* + - First, there are barriers caused by semantics. Words mean different things to different people. Some words do not translate between cultures.
* Finnish—the word *sisu* is untranslatable into English. It means something akin to “guts” or “dogged persistence.”
* English terms such as efficiency, free market, and regulation are not directly translatable into Russian.
	+ - Second, there are barriers caused by word connotations. Words imply different things in different languages.
* The Japanese word *hai* means “yes,” but may mean “yes, I’m listening,” not “yes, I agree.”
	+ - Third, there are barriers caused by tone differences. In some cultures, language is formal; in others, it is informal. The tone changes depending on the context.
		- Fourth, there are barriers caused by differences among perceptions. People who speak different languages actually view the world in different ways.

2. Cultural Context

* + - Cultures tend to differ in the importance to which context influences meaning. (See Exhibit 11–9)
		- Countries like China, Korea, Japan, and Vietnam, are high-context cultures.
			* They rely heavily on nonverbal and subtle situational cues when communicating with others.
			* What is not said may be more significant than what is said.
			* A person’s official status, place in society, and reputation carry considerable weight.
		- People from Europe and North America reflect their low-context cultures.
			* They rely essentially on words to convey meaning.
			* Body language or formal titles are secondary to spoken and written words.
		- Communication in high-context cultures implies considerably more trust by both parties.
			* Oral agreements imply strong commitments in high-text cultures.
				+ Who you are—your age, seniority, rank in the organization—are highly valued and heavily influence your credibility.
			* In low-context cultures, enforceable contracts will tend to be in writing, precisely worded, and highly legalistic. Similarly, low-context cultures value directness.

3. A Cultural Guide

* + - Assume differences until similarity is proven.
		- Emphasize description rather than interpretation or evaluation.
		- Practice empathy. Put yourself in the recipient’s shoes.
		- Treat your interpretations as a working hypothesis.

Chapter 12

Expanded Chapter Outline

I. What Is Leadership?

* Definitions
* John Kotter feels that management is about coping with complexity.
	+ - Good management brings about order and consistency by drawing up formal plans, designing rigid organization structures, and monitoring results against the plans.
		- Leadership is about coping with change.
		- Leaders establish direction by developing a vision of the future; then they align people by communicating this vision and inspiring them to overcome hurdles.
* Robert House of Wharton basically concurs:
	+ - Managers use the authority inherent in their designated formal rank to obtain compliance.
		- Management consists of implementing vision and strategy, coordinating and staffing, and handling day-to-day problems.
* We define leadership as “the ability to influence a group toward the achievement of goals.”
	+ - The source of this influence may be formal. A person may assume a leadership role simply because of his/her position.
		- Not all leaders are managers, nor, for that matter, are all managers’ leaders.
		- *Non-sanctioned* leadership—the ability to influence that arises outside the formal structure of the organization—is often as important as or more important than formal influence.
		- Leaders can emerge from within a group as well as by formal appointment to lead a group.
		- Organizations need strong leadership and strong management for optimum effectiveness. Leaders must challenge the status quo, create visions of the future, and inspire organizational members.

II. Trait Theories

* The media has long been a believer in trait theories of leadership. They identify leaders by focusing on personal qualities and characteristics such as charisma, enthusiasm, and courage.
* The search for attributes that describe leaders and differentiate them goes back to the 1930s.
* Research efforts at isolating leadership traits resulted in a number of dead ends. A review of 20 different studies identified nearly 80 leadership traits, but only five of these traits were common to four or more of the investigations.
* The trait approach has at least four limitations:
* Big Five personality framework provided some breakthroughs. Most of the dozens of traits that emerged could be subsumed under one of the Big Five traits.
* Extraversion is the most important trait of effective leaders—More strongly related to leader emergence than to leader effectiveness.
* Conscientiousness and openness to experience strong, consistent relationships to leadership
* Agreeableness and emotional stability weren’t as strongly correlated with leadership.
* Recent studies suggest that Emotional Intelligence (EI—See Chapter 8), may be associated with leadership. Empathy is the key. There needs to be more rigorous investigation in this area.
* Traits do a better job at predicting the appearance of leadership than in actually distinguishing between effective and ineffective leaders.

**Teaching Note:** At this point in the lecture you may want to introduce the OB IN THE NEWS: *Managers Speak Out on Leadership Competencies* box found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material below. ■

III. Behavioral Theories

 A. Introduction

* Researchers began to wonder if there was something unique in the way that effective leaders behave. The behavioral approach would have implications quite different from those of the trait approach.
* Trait and behavioral theories differ in terms of their underlying assumptions.
* Trait theories assumption: Leadership is basically inborn; therefore we could select the right leaders.
* Behavioral approach assumption: suggests that we could train people to be leaders. We can design programs to implant behavioral patterns. If training worked, we could have an infinite supply of effective leaders.
1. Ohio State Studies
* The most comprehensive and replicated of the behavioral theories resulted from research that began at Ohio State University in the late 1940s. These researchers sought to identify independent dimensions of leader behavior.
* They narrowed over a thousand dimensions into two dimensions—initiating structure and consideration.
* Initiating structure refers to the extent to which a leader is likely to define and structure his/her role and those of employees in the search for goal attainment.
* It includes attempts to organize work, work relationships, and goals.
* The leader high in initiating structure could be described as someone who “assigns group members to particular tasks,” “expects workers to maintain definite standards of performance,” and “emphasizes the meeting of deadlines.”
* Consideration is described as “the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for employees’ ideas, and regard for their feelings.”
* The leader shows concern for followers’ comfort, well-being, status, and satisfaction.
* A leader high in consideration could be described as one who helps employees with personal problems, is friendly and approachable, and treats all employees as equals.
* Leaders high in initiating structure and consideration tended to achieve high employee performance and satisfaction.
* The “high-high” style did not always result in positive consequences.
* Leader behavior characterized as high on initiating structure led to greater rates of grievances, absenteeism, and turnover, and lower levels of job satisfaction for routine tasks.
* High consideration was negatively related to performance ratings of the leader by his/her superior.

 C. University of Michigan Studies

* Leadership studies were undertaken at the same time as those being done at Ohio State, with similar research objectives. They discovered two dimensions of leadership behavior—employee-oriented and production-oriented.
* Employee-oriented leaders emphasized interpersonal relations. They took a personal interest in the needs of their employees and accepted individual differences among members.
* The production-oriented leaders tended to emphasize the technical or task aspects of the job—group members were a means to that end.
* Michigan researchers’ conclusions strongly favored the leaders who were employee oriented. Employee-oriented leaders were associated with higher group productivity and higher job satisfaction.
* Production-oriented leaders tended to be associated with low group productivity and lower job satisfaction.

 D. The Managerial Grid

* Blake and Mouton proposed a managerial grid based on the styles of “concern for people” and “concern for production,” which essentially represent the Ohio State dimensions of consideration and initiating structure or the Michigan dimensions of employee-oriented and production-oriented.
* The grid has nine possible positions along each axis, creating 81 different positions. (See Exhibit 12-1)
* The grid shows the dominating factors in a leader’s thinking in regard to getting results.
* Based on the findings of Blake and Mouton, managers were found to perform best under a 9,9 style, as contrasted, for example, with a 9,1 (authority type) or 1,9 (liaises-faire type) style. Unfortunately, the grid offers a better framework for conceptualizing leadership style than for presenting any tangible new information.

 E. Summary of Trait Theories and Behavioral Theories

* The behavioral theories have had modest success in identifying consistent relationships between leadership behavior and group performance.
* However, situational factors that influence success or failure need to be explored further.

**Teaching Note:** At this point in the lecture you may want to introduce the POINT/COUNTERPOINT: *The Perils of Leadership Training* found in the text and at the end of these chapter notes. A suggestion for a class exercise follows the material. ■

IV. Contingency Theories

A. Fiedler Model

 1. Introduction

* The first comprehensive contingency model for leadership was developed by Fred Fiedler who proposed that effective group performance depends upon the proper match between the leader’s style and the degree to which the situation gives control to the leader.

 2. Identifying Leadership Style

* Fiedler believed that a key factor in leadership success is the individual’s basic leadership style. He created the least preferred coworker (LPC) questionnaire for this purpose.
	+ - * + It purports to measure whether a person is task- or relationship-oriented.
				+ The questionnaire contains 16 contrasting adjectives (such as pleasant-unpleasant, efficient-inefficient, open-guarded, supportive-hostile).
				+ It asks respondents to describe the one person they least enjoyed working with by rating him or her on a scale of one-to-eight for each of the 16 sets of contrasting adjectives.
				+ Fiedler believes that based on the respondents’ answers to this questionnaire, he can determine their basic leadership style.
				+ If the least preferred coworker is described in relatively positive terms (a high LPC score), the respondent is primarily interested in good personal relations with this coworker.
* If the least preferred coworker is seen in relatively unfavorable terms (a low LPC score), the respondent is primarily interested in productivity and thus would be labeled *task-oriented*.
* About 16 percent of respondents cannot be classified as either.
* Fiedler assumes that an individual’s leadership style is fixed.

 3. Defining the Situation

* After assessing leadership style, it is necessary to match the leader with the situation. Fiedler has identified three contingency dimensions:
	+ - * + *Leader-member relations*—The degree of confidence, trust, and respect members have in their leader
				+ *Task structure*—The degree to which the job assignments are procedural
				+ *Position power*—The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases
* The next step is to evaluate the situation in terms of these three contingency variables.
	+ - * + Leader-member relations are either good or poor.
				+ Task structure is either high or low.
				+ Position power is either strong or weak.
* Fiedler states the better the leader-member relations, the more highly structured the job, and the stronger the position power, the more control the leader has.
* Altogether, by mixing the three contingency variables, there are potentially eight different situations or categories in which leaders could find themselves.

 4. Matching Leaders and Situations

* The Fiedler model proposes matching them up to achieve maximum leadership effectiveness.
* Fiedler concluded that task-oriented leaders tend to perform better in situations that were very favorable to them and in situations that were very unfavorable. (See Exhibit 12-2)
	+ - * + Fiedler would predict that when faced with a category I, II, Ill, VII, or VIII situation, task-oriented leaders perform better.
				+ Relationship-oriented leaders, however, perform better in moderately favorable situations—categories IV through VI.
* Fiedler has condensed these eight situations to three. Task-oriented leaders perform best in situations of high and low control, while relationship-oriented leaders perform best in moderate control situations.
* Given Fiedler’s findings, you would seek to match leaders and situations. Because Fiedler views an individual’s leadership style as being fixed, there are only two ways to improve leader effectiveness.
	+ - * + First, you can change the leader to fit the situation.
				+ The second alternative would be to change the situation to fit the leader.

 5. Evaluation

* There is considerable evidence to support at least substantial parts of the model. If predictions from the model use only three categories rather than the original eight, there is ample evidence to support Fiedler’s conclusions.
* There are problems and the practical use of the model that need to be addressed. The logic underlying the LPC is not well understood and studies have shown that respondents’ LPC scores are not stable.
* Also, the contingency variables are complex and difficult for practitioners to assess.

 6. Cognitive resource theory

* Fiedler and an associate, Joe Garcia, re-conceptualized the original theory focusing on the role of stress as a form of situational unfavorableness and how a leader’s intelligence and experience influence his/her reaction to stress. The re-conceptualization is Cognitive Resource Theory.
* The essence of the new theory is that stress is the enemy of rationality. It is difficult for leaders to think logically and analytically when they are under stress.
* The importance of a leader’s intelligence and experience to his/her effectiveness differs under low- and high-stress situations. Intelligence and experience interfere with each other. Three conclusions:
	+ - * + Directive behavior results in good performance only if linked with high intelligence in supportive, low-stress situations.
				+ In high stress situations, there is a positive relationship between job experience and performance.
				+ The intellectual abilities of leaders correlate with group performance in situations that the leader perceives as low in stress.
* Cognitive resource theory is developing a solid body of research support.

**Teaching Note:** At this point in the lecture you may want to introduce the MYTH OR SCIENCE? “*It’s Experience That Counts!”* box found in the text and at the end of this chapter. A suggestion for a class exercise follows the introduction of the material.     ■

 B. Hersey and Blanchard’s Situational Theory

* Paul Hersey and Ken Blanchard developed a leadership model that has gained a strong following among management development specialists. This model—Situational Leadership Theory (SLT)—has been incorporated into leadership training programs at over 400 of the Fortune 500 companies, and over one million managers a year from a wide variety of organizations are being taught its basic elements.
* Situational leadership is a contingency theory that focuses on the followers.
	+ - * Successful leadership is achieved by selecting the right leadership style, which is contingent on the level of the followers’ readiness. The term *readiness* refers to “the extent to which people have the ability and willingness to accomplish a specific task.”
			* The emphasis on the followers in leadership effectiveness reflects the reality that it is the followers who accept or reject the leader.
				+ SLT views the leader-follower relationship as analogous to that between a parent and child.
				+ Just as a parent needs to relinquish control as a child becomes more mature and responsible, so too should leaders.

Hersey and Blanchard identify four specific leader behaviors—from highly directive to highly laissez-faire. The most effective behavior depends on a followers’ ability and motivation.

SLT has an intuitive appeal. Yet, research efforts to test and support the theory have generally been disappointing.

 C. Leader-Member Exchange Theory

* The leader-member exchange (LMX) theory argues that because of time pressures, leaders establish a special relationship with a small group of their followers.
* These individuals make up the in-group—they are trusted, get a disproportionate amount of the leader’s attention, and are more likely to receive special privileges.
* The theory proposes that early in the history of the interaction between a leader and a given follower, the leader implicitly categorizes the follower as an “in” or an “out” and that relationship is relatively stable over time.
	+ - * How the leader chooses who falls into each category is unclear. (See Exhibit 12-3)
			* The leader does the choosing on the basis of the follower’s characteristics.
			* The theory and research surrounding it provide substantive evidence that leaders do differentiate among followers.

 D. Path-Goal Theory

 1. The Theory

* One of the most respected approaches to leadership is the path-goal theory developed by Robert House.
	+ - * It is a contingency model of leadership that extracts key elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation.
* It is the leader’s job to assist followers in attaining their goals and to provide the necessary direction and/or support to ensure that their goals are compatible with the overall objectives of the firm.
* The term path-goal is derived from the belief that effective leaders clarify the path to help their followers achieve their work goals.

 2. Leader Behaviors

* + House identified four leadership behaviors:
* The directive leader lets followers know what is expected of them, etc.
* The supportive leader is friendly and shows concern for the needs of followers.
* The participative leader consults with followers and uses their suggestions before making a decision.
* The achievement-oriented leader sets challenging goals and expects followers to perform at their highest level.

 E. Contingency Variables and Predictions

 1. Introduction

* The directive leader lets followers know what is expected of them, etc.
* The supportive leader is friendly and shows concern for the needs of followers.
* The participative leader consults with followers and uses their suggestions before making a decision.
* The achievement-oriented leader sets challenging goals and expects followers to perform at their highest level.
* In contrast to Fiedler, House assumes leaders are flexible and can display any of these behaviors. (See Exhibit 12-4).
* Two classes of situational or contingency variables moderate the leadership behavior:
	+ - *Environmental or outcome relationship*. These factors determine the type of leader behavior required as a complement if follower outcomes are to be maximized.
		- *Personal characteristics of the employee*. These determine how the environment and leader behavior are interpreted.
* Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well laid out.
* Supportive leadership results in high employee performance and satisfaction when employees are performing structured tasks.
* Directive leadership is likely to be perceived as redundant among employees with high perceived ability or with considerable experience.
* Employees with an internal locus of control will be more satisfied with a participative style.

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Debate: Do Leaders Really Matter?* found in the text and at the end of this chapter.**■**

 2. Evaluation

* Research evidence generally supports the logic underlying the path-goal theory.

 F. Leader-Participation Model

* In 1973, Victor Vroom and Phillip Yetton developed a leader-participation model. Recognizing that task structures have varying demands for routine and non-routine activities, these researchers argued that leader behavior must adjust to reflect the task structure.
* The model was normative—it provided a sequential set of rules that should be followed in determining the form and amount of participation in decision making, as determined by different types of situations.
* The model was a decision tree incorporating seven contingencies and five leadership styles.
* More recent work by Vroom and Arthur Jago revised this model.
	+ Retaining the same five alternative leadership styles but adds a set of problem types and expands the contingency variables to twelve.
* The twelve contingency variables are listed in Exhibit 12-5.
* Research testing both the original and revised leader-participation models has been encouraging.
* Criticism has focused on variables that have been omitted and on the model’s overall complexity.
* Other contingency theories demonstrate that stress, intelligence, and experience are important situational variables.
* The model is far too complicated for the typical manager to use on a regular basis.
* Vroom and his associates have provided us with some specific, empirically-supported contingency variables that you should consider when choosing your leadership style.

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *“Cultivating an International Perspective: A Necessity for Leaders”* found in the text and at the end of the chapter. Participants of the Ulysses Program tout its benefits, and other companies have taken notice—Johnson & Johnson and Cisco Systems are just two of several companies that have adopted similar programs. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *Moving From Colleague to Supervisor* found in the text and at the end of this chapter. A suggestion for a class exercise follows the material. ■

V. SUMMARY AND IMPLICATIONS FOR MANAGERS

 A. Leadership is central to understanding group behavior

* Leaders provide direction toward goals

 B. Traits Theory

* Big Five Personality Framework

 C. Behavioral Theory

* Task-oriented style
* People-oriented style

 D. Contingency Theory

* Situational Factors
	+ Task structure
	+ Stress
	+ Support
	+ Leader intelligence
	+ Follower Personality

Chapter 14

Expanded Chapter Outline

I. A DEFINITION OF POWER

 A. Introduction

* **Definition**: Power refers to a capacity that A has to influence the behavior of B, so that B acts in accordance with A’s wishes.
* Power may exist but not be used. It is, therefore, a capacity or potential.
* Probably the most important aspect of power is that it is a function of dependency.
* The greater B’s dependence on A, the greater is A’s power in the relationship.
* Dependence, in turn, is based on alternatives that B perceives and the importance that B places on the alternative(s) that A controls.
* A person can have power over you only if he or she controls something you desire.

II. Contrasting Leadership and Power

* Leaders use power as a means of attaining group goals. Leaders achieve goals, and power is a means of facilitating their achievement.
* Differences between Leadership and Power:
* *Goal compatibility*:
	+ - * Power does not require goal compatibility, merely dependence.
			* Leadership, on the other hand, requires some congruence between the goals of the leader and those being led.
* *The direction of influence:*
	+ - * Leadership focuses on the downward influence on one’s followers.
			* Leadership research, for the most part, emphasizes style.
			* Power does not minimize the importance of lateral and upward influence patterns.
			* The research on power has tended to encompass a broader area and focus on tactics for gaining compliance.

III. Bases of Power

A. Formal Power

1. Coercive Power

* The coercive power base is being dependent on fear.
* It rests on the application, or the threat of application, of physical sanctions such as the infliction of pain, the generation of frustration through restriction of movement, or the controlling by force of basic physiological or safety needs.
* At the organizational level, A has coercive power over B if A can dismiss, suspend, or demote B, assuming that B values his or her job.
* Similarly, if A can assign B work activities that B finds unpleasant or treat B in a manner that B finds embarrassing, A possesses coercive power over B.

2. Reward Power

* The opposite of coercive power is reward power.
* People comply because doing so produces positive benefits; therefore, one who can distribute rewards that others view as valuable will have power over those others.
* These rewards can be anything that another person values.
* Coercive power and reward power are actually counterparts of each other.
* If you can remove something of positive value from another or inflict something of negative value upon him/her, you have coercive power over that person.
* If you can give someone something of positive value or remove something of negative value, you have reward power over that person.

3. Legitimate Power

* In formal groups and organizations, the most frequent access power is one’s structural position. It represents the power a person receives as a result of his/her position in the formal hierarchy.
* Positions of authority include coercive and reward powers.
* Legitimate power, however, is broader than the power to coerce and reward. It includes acceptance of the authority of a position by members of an organization.

B. Personal Power

1. Expert Power

* *Expert power* is "influence wielded as a result of expertise, special skill, or knowledge."
* Expertise has become a powerful source of influence as the world has become more technological. As jobs become more specialized, we become increasingly dependent on experts to achieve goals.

2. Referent Power

* Its base is identification with a person who has desirable resources or personal traits. If I admire and identify with you, you can exercise power over me because I want to please you.
* Referent power develops out of admiration of another and a desire to be like that person; it is a lot like charisma.
* Referent power explains why celebrities are paid millions of dollars to endorse products in commercials.

C. Which Bases of Power Are Most Effective?

* Personal sources are most effective
* Coercive power usually backfires

IV. Dependency: The Key to Power

A. The General Dependency Postulate

* The greater B’s dependency on A, the greater the power A has over B.
* When you possess anything that others require but that you alone control, you make them dependent upon you and, therefore, you gain power over them.
* Dependency, then, is inversely proportional to the alternative sources of supply.
* This is why most organizations develop multiple suppliers rather than using just one.
* It also explains why so many of us aspire to financial independence.

B. What Creates Dependency?

1. Importance

* To create dependency, the thing(s) you control must be perceived as being important.
* Organizations actively seek to avoid uncertainty.
* Therefore, those individuals or groups who can absorb an organization’s uncertainty will be perceived as controlling an important resource.

2. Scarcity

* A resource needs to be perceived as scarce to create dependency.
* Low-ranking members in an organization who have important knowledge not available to high-ranking members gain power over the high-ranking members.
* The scarcity-dependency relationship can further be seen in the power of occupational categories.
* Individuals in occupations in which the supply of personnel is low relative to demand can negotiate compensation and benefit packages, which are far more attractive than can those in occupations where there is an abundance of candidates.

3. Nonsubstitutability

* The more that a resource has no viable substitutes, the more power that control over that resource provides.

**Teaching Note:** At this point in the lecture you may want to introduce OB IN THE NEWS: *At Kansas University: Coach Gets Boss Fired?* found in the text and at the end of this chapter. A suggestion for a class exercise follows the material. ■

V. Power Tactics

 A. Introduction

* Using power tactics to translate power into action
* Research has identified nine distinct influence tactics: (See Exhibit 14–2)
* *Legitimacy*. Relying on one’s authority position; request is in accord with organizational policies or rules.
* *Rational persuasion*. Logical arguments and factual evidence; request is reasonable.
* *Inspirational appeals*. Enveloping emotional commitment; appeal to values, needs, hopes, and aspirations.
* *Consultation*. Increase motivation and support; involve people in deciding how the pan will be implemented.
* *Exchange.* Reward with benefits or favors in exchange for following a request.
* *Personal appeals*. Ask for compliance based on friendship or loyalty.
* *Ingratiation*. Use flattery, praise, or friendship prior to making request.
* *Pressure*. Use warnings, demands, and threats.
* *Coalitions*. Enlist other people to persuade others.
* People in different countries tend to prefer different power tactics.
* The organization’s culture:
* The organizational culture in which a manager works, therefore, will have a significant bearing on defining which tactics are considered appropriate.
* The organization itself will influence which subset of power tactics is viewed as acceptable for use by managers.

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *Bill Fowler at Blackmer/Dover Resources Inc.* found in the text and at the end of this chapter. A suggestion for a class exercise follows the material. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *Influence Tactics in China* found in the text and at the end of this chapter. Managers in Taiwan tend to use inspirational appeals and ingratiation more than managers from either Mainland China or Hong Kong. *■*

VI. Power in Groups: Coalitions

* Those “out of power” and seeking to be “in” will first try to increase their power individually.
* If ineffective, the alternative is to form a coalition—an informal group bound together by the active pursuit of a single issue.
* The natural way to gain influence is to become a power holder but this may be difficult, risky, costly, or impossible.
* In such cases, efforts will be made to form a coalition of two or more “outs” who, by joining together, can combine their resources to increase rewards for themselves.
* Successful coalitions have been found to contain fluid membership and are able to form swiftly, achieve their target issue, and quickly disappear.
* Predictions about Coalition Formation
* First, coalitions in organizations often seek to maximize their size.
* Decision making in organizations does not end just with selection from among a set of alternatives.
	+ - * + The decision must also be implemented.
				+ The implementation of and commitment to the decision is at least as important as the decision.
				+ It is necessary for coalitions in organizations to seek a broad constituency.
				+ This coalition expansion is to facilitate consensus building.
				+ In political science theory, coalitions move the other way—they try to minimize their size.
* Another prediction relates to the degree of interdependence within the organization.
* More coalitions will likely be created where there is a great deal of task and resource interdependence.
* In contrast, there will be less interdependence among subunits and less coalition formation activity where subunits are largely self-contained or resources are abundant.
* Finally, coalition formation will be influenced by the actual tasks that workers do.
* The more routine the task of a group, the greater the likelihood that coalitions will form.
* The more that the work that people do is routine, the greater their substitutability.

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Understanding Power Dynamics* found in the text and at the end of this chapter. *■*

VII. Sexual Harassment: Unequal Power in the Workplace

* + Importance:
* A Kentucky jury awarded $2 million to a Philip Morris plant supervisor after suffering through more than a year of sexual harassment from the men she supervised.
	+ Sexual Harassment Defined:
* "Any unwanted activity of a sexual nature that affects an individual’s employment."
* The U.S. Supreme Court clarified the definition by adding that the key test for determining if sexual harassment has occurred is whether comments or behavior in a work environment “would reasonably be perceived, and is perceived, as hostile or abusive.’’
* There continues to be disagreement as to what specifically constitutes sexual harassment:
* Overt forms of sexual harassment of female employees. This includes unwanted physical touching, recurring requests for dates when it is made clear the woman is not interested, and coercive threats that a woman will lose her job if she refuses a sexual proposition.
* The problem today—subtle forms of sexual harassment such as unwanted looks or comments, off-color jokes, sexual artifacts like nude calendars in the workplace, etc.
	+ Most studies confirm that the concept of power is central to understanding sexual harassment.

VIII. Politics: Power in Action

 A. Introduction

* + **Definition**: Those activities that are not required as part of one’s formal role in the organization, but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organization.
* This definition encompasses key elements.
	+ - * Political behavior is outside one’s specified job requirements.
			* It encompasses efforts to influence the goals, criteria, or processes used for decision making.
			* It includes such varied political behaviors as withholding key information from decision makers, whistle blowing, spreading rumors, leaking confidential information, etc.
	+ The “Legitimate-Illegitimate” Dimension
* Legitimate political behavior refers to normal everyday politics—complaining to your supervisor, bypassing the chain of command, forming coalitions, etc.
* Illegitimate political behaviors that violate the implied rules of the game, such as sabotage, whistle blowing, and symbolic protests, etc.
* The vast majority of all organizational political actions are legitimate. The extreme illegitimate forms of political behavior pose a very real risk of loss of organizational membership or extreme sanction.

B. The Reality of Politics (See Exhibit 14–3)

* + Politics is a fact of life in organizations.
		- * Organizations are made up of individuals and groups with different values, goals, and interests. This sets up the potential for conflict over resources.
			* Resources in organizations are also limited, which often turns potential conflict into real conflict. Because resources are limited, not everyone’s interests can be provided for causing the conflict.
			* Gains by one individual or group are often perceived as being at the expense of others.
			* These forces create a competition.
	+ The most important factor leading to politics within organizations is the realization that most of the “facts” that are used to allocate the limited resources are open to interpretation.
		- * What is good performance?
			* What’s an adequate improvement?
	+ Most managerial decisions take place in the large and ambiguous middle ground of organizational life.
	+ Because most decisions have to be made in a climate of ambiguity, people within organizations will use whatever influence they can to taint the facts to support their goals and interests. These are activities we call politicking.
	+ It is possible for an organization to be politics free, if all members of that organization hold the same goals and interests, however, that is not the organization most people work in.

**Teaching Note:** At this point in the lecture you may want to introduce MYTH OR SCIENCE? *“It’s Not What You Know, It’s Who You Know”* found in the text and at the end of this chapter. A suggestion for a class discussion follows the material. ■

C. Factors Contributing to Political Behavior (See Exhibit 14–4)

1. Individual Factors

* Researchers have identified certain personality traits, needs, and other factors that are likely to be related to political behavior.
* Employees who are high self-monitors, possess an internal locus of control, and have a high need for power are more likely to engage in political behavior.
* The high self-monitor is more sensitive to social cues and is more likely to be skilled in political behavior than the low self-monitor.
* Individuals with an internal locus of control are more prone to take a proactive stance and attempt to manipulate situations in their favor.
* The Machiavellian personality is comfortable using politics as a means to further his/her self-interest.
* An individual’s investment in the organization, perceived alternatives, and expectations of success will influence the tendency to pursue illegitimate means of political action.
* The more that a person has invested and the more a person has to lose, the less likely he/she is to use illegitimate means.
* The more alternative job opportunities an individual has, a prominent reputation, or influential contacts outside the organization, the more likely he/she will risk illegitimate political actions.
* A low expectation of success in using illegitimate means diminishes the probability of its use.

2. Organizational Factors

* Political activity is probably more a function of the organization’s characteristics than of individual difference variables.
* When an organization’s resources are declining, when the existing pattern of resources is changing, and when there is opportunity for promotions, politics is more likely to surface.
* Cultures characterized by low trust, role ambiguity, unclear performance evaluation systems, zero-sum reward allocation practices, democratic decision making, high pressures for performance, and self-serving senior managers will create breeding grounds for politicking.
* When organizations downsize to improve efficiency, people may engage in political actions to safeguard what they have.
* Promotion decisions have consistently been found to be one of the most political in organizations.
* The less trust there is within the organization, the higher the level of political behavior and the more likely it will be illegitimate.
* Role ambiguity means that the prescribed behaviors of the employee are not clear.
* There are fewer limits to the scope and functions of the employee’s political actions.
* The greater the role ambiguity, the more one can engage in political activity with little chance of it being visible.
* Subjective criteria in the appraisal process
* Subjective performance criteria create ambiguity.
* Single outcome measures encourage doing whatever is necessary to “look good.”
* The more time that elapses between an action and its appraisal, the more unlikely that the employee will be held accountable for his/her political behaviors.
* The zero-sum approach treats the reward “pie” as fixed so that any gain one person or group achieves has to come at the expense of another person or group. If I win, you must lose!
* This encourages making others look bad and increasing the visibility of what you do.
* Making organizations less autocratic by asking managers to behave more democratically is not necessarily embraced by all individual managers.
* Sharing their power with others runs directly against some managers’ desires.
* The result is that managers, especially those who began their careers in the 1950s and 1960s, may use the required committees, conferences, and group meetings in a superficial way as arenas for maneuvering and manipulating.
* The more pressure that employees feel to perform well, the more likely they are to engage in politicking.
* If a person perceives that his or her entire career is riding on the next “whatever,” there is motivation to do whatever is necessary to make sure the outcome is favorable.
* When employees see top management successfully engaging in political behavior, a climate is created that supports politicking.

D. How Do People Respond to Organizational Politics? (See Exhibit 14*–*5)

* There is very strong evidence indicating that perceptions of organizational politics are negatively related to job satisfaction.
* The perception of politics leads to anxiety or stress. When it gets to be too much to handle, employees quit.
* It is a demotivating force and performance may suffer as a result.
* The effect of politics is moderated by the knowledge the individual has of the decision-making system and his/her political skills:
* High political skills individuals often have improved performance.
* Low political skills individuals often respond with defensive behaviors—reactive and protective behaviors to avoid action, change, or blame. (See Exhibit 14–6)
* Reaction to organizational politics is also moderated by culture. In countries that are more unstable politically, workers will tolerate higher levels of politicking than more politically stable countries.

E. Impression Management

* The process by which individuals attempt to control the impression others form of them (See Exhibit 14–7)
* We know that people have an ongoing interest in how others perceive and evaluate them.
* Being perceived positively by others should have benefits for people in organizations.
* Who engages in IM—the high self-monitor
* Low self-monitors tend to present images of themselves that are consistent with their personalities, regardless of the beneficial or detrimental effects for them.
* High self-monitors are good at reading situations and molding their appearances and behavior to fit each situation.
* IM does not imply that the impressions people convey are necessarily false.
* Excuses and acclaiming, for instance, may be offered with sincerity.
* You can actually believe that ads contribute little to sales in your region or that you are the key to the tripling of your division’s sales.
* Misrepresentation can have a high cost. If the image claimed is false, you may be discredited.
* Situations that are characterized by high uncertainty or ambiguity that provide relatively little information for challenging a fraudulent claim increase the likelihood of individuals misrepresenting themselves.
* Studies have been undertaken to test the effectiveness of IM techniques.
* These have been essentially limited to job interview success.
* The evidence is that IM behavior works.
* In one study, interviewers felt that those applicants for a position as a customer service representative who used IM techniques performed better in the interview, and the interviewers seemed somewhat more inclined to hire these people. When the applicants’ credentials were also considered, it was apparent that the IM techniques alone that influenced the interviewers.
* Another employment interview study looked at which IM techniques worked best.
* The researchers compared IM techniques that focused the conversation on themselves (called a controlling style) with techniques that focused on the interviewer (referred to as a submissive style).
* Those applicants who used the controlling style were rated higher by interviewers on factors such as motivation, enthusiasm, and even technical skills, and they received more job offers.
* A more recent study confirmed the value of a controlling style.

F. The Ethics of Behaving Politically

* Three ethical decision criteria are utilitarianism, rights, and justice. .
* The first question you need to answer addresses self-interest versus organizational goals. Ethical actions are consistent with the organization’s goals.
* The second question concerns the rights of other parties.
* The final question that needs to be addressed relates to whether or not the political activity conforms to standards of equity and justice.
* Unfortunately, the answers to these questions are often argued in ways to make unethical practices seem ethical. Powerful people can become very good at explaining self-serving behaviors. They can persuasively argue that unfair actions are really fair and just.

**Teaching Note:** At this point in the lecture you may want to introduce POINT/COUNTERPOINT: *Managing Impressions Is Unethical* found in the text and at the end of this chapter. A suggestion for a class exercise follows the material. ■

**OR**

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Swapping Personal Favors?* found in the text and at the end of this chapter. ■

**OR**

**Teaching Note:**At this point in the lecture you may want to introduce the CASE INCIDENT*: The Politics of Backstabbing,* found in the text and at the end of th*is* chapter. A suggestion for a class exercise follows the material.

IX. SUMMARY AND IMPLICATIONS FOR MANAGERS

A. Power

* Managers gain power by increasing followers’ dependence

B. Sources of power

* Expert
* Referent
* Coercion
* Reward
* Legitimate

C. Expert and Referent lead to higher employee motivation, commitment, and satisfaction

D. Organizational Politics

* Managers good at politics get higher performance ratings
* Politically astute employees have higher job satisfaction and lower stress

Chapter 15

Expanded Chapter Outline

1. A Definition of Conflict
* There are several common themes which underlie most definitions:
	+ - The parties to it must perceive conflict.
		- Commonalties in the definitions are opposition or incompatibility and some form of interaction.
* We define *conflict* as “a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about.”
	+ - This describes that point when an interaction “crosses over” to become an inter-party conflict.
		- It encompasses the wide range of conflicts that people experience in organizations.
1. Transitions in Conflict Thought

A. The Traditional View

* + - * The traditional view of conflict argues that it must be avoided—it indicates a malfunctioning with the group.
			* This early approach assumed that all conflict was bad. Conflict was synonymous with such terms that reinforced its negative connotation. By definition, it was harmful and was to be avoided.
			* This view was consistent with the prevailing attitudes about group behavior in the 1930s and 1940s. Conflict was seen as a dysfunctional outcome resulting from poor communication, a lack of openness and trust between people, and the failure of managers to be responsive to their employees.

B. The Human Relations View

* + - * The human relations view argues that conflict is a natural and inevitable outcome in any group and that it need not be evil, but has the potential to be a positive force in determining group performance.
			* Conflict is a natural occurrence in all groups and organizations. Since it was natural and inevitable it should be accepted.
			* It cannot be eliminated and may even contribute to group performance. The human relations view dominated conflict theory from the late 1940s through the mid-1970s.

C. The Interactionist View

* + - * The interactionist approach proposes that conflict can be a positive force in a group but explicitly argues that some conflict is absolutely necessary for a group to perform effectively.
			* The Interactionist view is the one taken in this chapter.
			* This approach encourages conflict on the grounds that a harmonious, peaceful, tranquil, and cooperative group is prone to becoming static and non-responsive to needs for change and innovation.
			* Group leaders maintain enough conflict to keep the group viable, self-critical, and creative.
			* Whether a conflict is good or bad depends on the type of conflict.
	+ Not all conflicts are good. Functional, constructive forms of conflict support the goals of the group and improve its performance. Conflicts that hinder group performance are dysfunctional or destructive forms of conflict.
	+ What differentiates functional from dysfunctional conflict? You need to look at the type of conflict.
		- *Task* conflict relates to the content and goals of the work. Low-to-moderate levels of task conflict are functional and consistently demonstrate a positive effect on group performance because it stimulates discussion, improving group performance.
		- *Relationship* conflict focuses on interpersonal relationships.
			* These conflicts are almost always dysfunctional.
			* The friction and interpersonal hostilities inherent in relationship conflicts increase personality clashes and decrease mutual understanding.
		- *Process* conflict relates to how the work gets done.
			* Low-levels of process conflict are functional and could enhance team performance.
			* For process conflict to be productive, it must be kept low.
			* Intense arguments create uncertainty.
1. The Conflict Process (See Exhibit 15–1)

A. Stage I: Potential Opposition or Incompatibility

1.Communication

* + - * Communication as a source of conflict represents those opposing forces that arise from semantic difficulties, misunderstandings, and “noise” in the communication channels.
			* Differing word connotations, jargon, insufficient exchange of information, and noise in the communication channel are all barriers to communication and potential antecedents to conflict.
			* Semantic difficulties are a result of differences in training, selective perception, and inadequate information.
			* The potential for conflict increases when either too little or too much communication takes place.
			* The channel chosen for communicating can have an influence on stimulating opposition.

2. Structure

* + - * The term structure includes variables such as size, degree of specialization, jurisdictional clarity, member-goal compatibility, leadership styles, reward systems, and the degree of dependence.
			* Size and specialization act as forces to stimulate conflict. The larger the group and more specialized its activities, the greater the likelihood of conflict.
			* The potential for conflict is greatest where group members are younger and turnover is high.
			* The greater the ambiguity in responsibility for actions lies, the greater the potential for conflict.
			* The diversity of goals among groups is a major source of conflict.
			* A close style of leadership increases conflict potential.
			* Too much reliance on participation may also stimulate conflict.
			* Reward systems, too, are found to create conflict when one member’s gain is at another’s expense.
			* Finally, if a group is dependent on another group, opposing forces are stimulated.

3. Personal Variables

* + - * Include individual value systems and personality characteristics. Certain personality types lead to potential conflict.
			* Most important is differing value systems. Value differences are the best explanation for differences of opinion on various matters.

**Teaching Note:** At this point in the lecture you may want to introduce MYTH OR SCIENCE? *“The Source of Most Conflicts Is Lack of Communication”* found in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

B.Stage II: Cognition and Personalization

* + - * Antecedent conditions lead to conflict only when the parties are affected by and aware of it.
			* Conflict is personalized when it is felt and when individuals become emotionally involved.
			* This stage is where conflict issues tend to be defined and this definition delineates the possible settlements.
			* Second, emotions play a major role in shaping perceptions.
			* Negative emotions produce oversimplification of issues, reductions in trust, and negative interpretations of the other party’s behavior.
			* Positive feelings increase the tendency to see potential relationships among the elements of a problem, to take a broader view of the situation, and to develop more innovative solutions.

C. Stage III: Intentions

 1. Introduction

* + - Intentions are decisions to act in a given way.
		- Why are intentions separated out as a distinct stage? Merely one party attributing the wrong intentions to the other escalates a lot of conflicts.
		- One author’s effort to identify the primary conflict-handling intentions is represented in Exhibit 15–2 is along two dimensions:
			* *Cooperativeness*—“the degree to which one party attempts to satisfy the other party’s concerns.”
			* *Assertiveness*—“the degree to which one party attempts to satisfy his or her own concerns.”
		- Five conflict-handling intentions can be identified: competing, collaborating, avoiding, accommodating, and compromising.

2. Competing

* + - When one person seeks to satisfy his or her own interests, regardless of the impact on the other parties to the conflict

3. Collaborating

* + - When the parties to conflict each desire to fully satisfy the concerns of all parties. The intention is to solve the problem by clarifying differences rather than by accommodating.

4. Avoiding

* + - A person may recognize that a conflict exists and want to withdraw from it or suppress it.

5. Accommodating

* + - When one party seeks to appease an opponent, that party is willing to be self-sacrificing.

6. Compromising

* + - When each party to the conflict seeks to give up something, sharing occurs, resulting in a compromised outcome. There is no clear winner or loser, and the solution provides incomplete satisfaction of both parties’ concerns.
		- Intentions provide general guidelines for parties in a conflict situation. They define each party’s purpose, but they are not fixed.
			* They might change because of reconceptualization or because of an emotional reaction.
			* However, individuals have preferences among the five conflict-handling intentions.
			* It may be more appropriate to view the five conflict-handling intentions as relatively fixed rather than as a set of options from which individuals choose to fit an appropriate situation.

D. Stage IV: Behavior

* + - * Stage IV is where conflicts become visible. The behavior stage includes the statements, actions, and reactions made by the conflicting parties. These conflict behaviors are usually overt attempts to implement each party’s intentions.
			* Stage IV is a dynamic process of interaction; conflicts exist somewhere along a continuum. (See Exhibit 15–3)
			* At the lower part of the continuum, conflicts are characterized by subtle, indirect, and highly controlled forms of tension.
			* Conflict intensities escalate as they move upward along the continuum until they become highly destructive.
			* Functional conflicts are typically confined to the lower range of the continuum.
			* Exhibit 15–4 lists the major resolution and stimulation techniques.

E. Stage V: Outcomes

1. Introduction

* + - * Outcomes may be functional—improving group performance, or dysfunctional in hindering it.

 2. Functional Outcomes

* + - * How might conflict act as a force to increase group performance?
			* Conflict is constructive when it:
			* Improves the quality of decisions.
			* Stimulates creativity and innovation.
			* Encourages interest and curiosity.
			* Provides the medium through which problems can be aired and tensions released.
			* Fosters an environment of self-evaluation and change.
			* The evidence suggests that conflict can improve the quality of decision making.
			* Conflict is an antidote for groupthink.
			* Conflict challenges the status quo, furthers the creation of new ideas, promotes reassessment of group goals and activities, and increases the probability that the group will respond to change.
			* Research studies in diverse settings confirm the functionality of conflict.
				+ The comparison of six major decisions made during the administration of four different U.S. presidents found that conflict reduced the chance of groupthink.
				+ When groups analyzed decisions that had been made by the individual members of that group, the average improvement among the high-conflict groups was 73 percent greater than was that of those groups characterized by low-conflict conditions.
			* Increasing cultural diversity of the workforce should provide benefits to organizations.
				+ Heterogeneity among group and organization members can increase creativity, improve the quality of decisions, and facilitate change by enhancing member flexibility.
				+ The ethnically diverse groups produced more effective and more feasible ideas and higher quality, unique ideas than those produced by the all-Anglo group.
			* Similarly, studies of professionals—systems analysts and research and development scientists—support the constructive value of conflict.
			* An investigation of 22 teams of systems analysts found that the more incompatible groups were likely to be more productive.
			* Research and development scientists have been found to be most productive where there is a certain amount of intellectual conflict.

 3. Dysfunctional Outcomes

* + - * Uncontrolled opposition breeds discontent, which acts to dissolve common ties and eventually leads to the destruction of the group.
			* Undesirable consequences:
			* A retarding of communication
			* Reductions in group cohesiveness
			* Subordination of group goals to the primacy of infighting between members
			* Conflict can bring group functioning to a halt and potentially threaten the group’s survival.
			* The demise of an organization as a result of too much conflict is not as unusual as it might first appear. One of New York’s best-known law firms, Shea & Gould, closed down solely because the 80 partners just could not get along.

 4. Creating Functional Conflict

* + - * If managers accept the interactionist view toward conflict, they encourage functional conflict.
			* Creating functional conflict is a tough job, particularly in large American corporations.
			* A high proportion of people who get to the top are conflict avoiders.
			* At least seven out of ten people in American business hush up when their opinions are at odds with those of their superiors, allowing bosses to make mistakes even when they know better.
			* Such anti-conflict cultures are not tolerable in today’s fiercely competitive global economy.
			* This process frequently results in decisions and alternatives that previously had not been considered.
			* One common ingredient in organizations that successfully create functional conflict is that they reward dissent and punish conflict avoiders.
			* The real challenge for managers is when they hear news that they do not want to hear.
			* Managers should ask calm, even-tempered questions, such as: *Can you tell me more about what happened?* or *What do you think we ought to do?* They should also offer a sincere “Thank you.

**Teaching Note:** At this point in the lecture you may want to introduce POINT/COUNTERPOINT: *Conflict Benefits Organizations* found in the text and at the end of this chapter. A suggestion for a class discussion follows. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT 1: *Schneider National* found in the text and at the end of this chapter. Questions for students to answer follow. ■

1. Negotiation

 A. Introduction

* + - * *Negotiation* is a “process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them.” We use the terms *negotiation* and *bargaining* interchangeably.
			* Negotiation permeates the interactions of almost everyone in groups and organizations. For example, labor bargains with management.
			* Not so obvious, however, managers negotiate with employees, peers, and bosses.
			* Salespeople negotiate with customers.
			* Purchasing agents negotiate with suppliers.
			* A worker agrees to answer a colleague’s phone for a few minutes in exchange for some past or future benefit.

 B. Bargaining Strategies (See Exhibit 15–5)

1. Distributive Bargaining

* + - * An example of distributive bargaining is buying a car:
			* You go out to see the car. It is great and you want it.
			* The owner tells you the asking price. You do not want to pay that much.
			* The two of you then negotiate over the price.
			* Its most identifying feature is that it operates under zero-sum conditions. Any gain I make is at your expense, and vice versa.
			* The most widely cited example of distributive bargaining is in labor-management negotiations over wages.
			* The essence of distributive bargaining is depicted in Exhibit 15–6.
			* Parties A and B represent two negotiators.
			* Each has a target point that defines what he or she would like to achieve.
			* Each also has a resistance point, which marks the lowest outcome that is acceptable.
			* The area between these two points makes up each one’s aspiration range.
			* As long as there is some overlap between A and B’s aspiration ranges, there exists a settlement range where each one’s aspirations can be met.
			* When engaged in distributive bargaining, one’s tactics focus on trying to get one’s opponent to agree to one’s specific target point or to get as close to it as possible.

**Teaching Note:** At this point in the lecture you may want to introduce OB IN THE NEWS: *An Effective Negotiation Experience* found in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

2. Integrative Bargaining

* + - * An example: A sales rep calls in the order and is told that the firm cannot approve credit to this customer because of a past slow-pay record.
			* The next day, the sales rep and the firm’s credit manager meet to discuss the problem. They want to make the sale, but do not want to get stuck with uncollectible debt.
			* The two openly review their options.
			* After considerable discussion, they agree on a solution that meets both their needs. The sale will go through with a bank guarantee that will ensure payment if not made in 60 days.
				+ This example operates under the assumption that there exists one or more settlements that can create a win-win solution.
				+ In terms of intra-organizational behavior, all things being equal, integrative bargaining is preferable to distributive bargaining.
				+ Because integrative bargaining builds long-term relationships and facilitates working together in the future, it bonds negotiators and allows each to leave the bargaining table feeling victorious.
				+ Distributive bargaining, on the other hand, leaves one party a loser. It tends to build animosities and deepens divisions.
			* Why do we not see more integrative bargaining in organizations? The answer lies in the conditions necessary for this type of negotiation to succeed.
			* Parties who are open with information and candid about their concerns
			* A sensitivity by both parties to the other’s needs
			* The ability to trust one another
			* A willingness by both parties to maintain flexibility

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Is It Unethical to Lie and Deceive During Negotiations?* found in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

C. The Negotiation Process (See Exhibit 15–7)

1. Preparation and Planning

* + - * Do your homework. What is the nature of the conflict? What is the history leading up to this negotiation? Who is involved, and what are their perceptions of the conflict? What do you want from the negotiation? What are your goals?
			* You also want to prepare an assessment of what you think the other party to your negotiation’s goals are.
			* When you can anticipate your opponent’s position, you are better equipped to counter his or her arguments with the facts and figures that support your position.
			* Once you have gathered your information, use it to develop a strategy.
			* Determine your and the other side’s Best Alternative To a Negotiated Agreement (BATNA).
			* Your BATNA determines the lowest value acceptable to you for a negotiated agreement.
			* Any offer you receive that is higher than your BATNA is better than an impasse.

2. Definition of Ground Rules

* + - Who will do the negotiating? Where will it take place? What time constraints, if any, will apply?
		- To what issues will negotiation be limited? Will there be a specific procedure to follow if an impasse is reached?
		- During this phase, the parties will also exchange their initial proposals or demands.

3. Clarification and Justification

* + - When initial positions have been exchanged, explain, amplify, clarify, bolster, and justify your original demands.
		- This need not be confrontational.
		- You might want to provide the other party with any documentation that helps support your position.

4. Bargaining and Problem Solving

* + - The essence of the negotiation process is the actual give-and-take in trying to hash out an agreement.
		- Concessions will undoubtedly need to be made by both parties.

5. Closure and Implementation

* + - The final step—formalizing the agreement that has been worked out and developing any procedures that are necessary for implementation and monitoring
		- Major negotiations will require hammering out the specifics in a formal contract.
		- For most cases, however, closure of the negotiation process is nothing more formal than a handshake.

D. Issues in Negotiation

1. The Role of Mood and Personality Traits in Negotiation

* + - Can you predict an opponent’s negotiating tactics if you know something about his/her personality? The evidence says no.
		- Overall assessments of the personality-negotiation relationship find that personality traits have no significant direct effect on either the bargaining process or negotiation outcomes.

2. Gender Differences in Negotiations

* + - Men and women do not negotiate differently.
		- A popular stereotype is that women are more cooperative, pleasant, and relationship-oriented in negotiations than are men. The evidence does not support this.
		- Comparisons between experienced male and female managers find women are:
			* Neither worse nor better negotiators.
			* Neither more cooperative nor open to the other.
			* Neither more nor less persuasive nor threatening than are men.
			* The belief that women are “nicer” is probably due to confusing gender and the lack of power typically held by women.
				+ Low-power managers, regardless of gender, attempt to placate their opponents and to use softly persuasive tactics rather than direct confrontation and threats.
		- Women’s attitudes toward negotiation and toward themselves appear to be different from men’s.
		- Managerial women demonstrate less confidence in anticipation of negotiating and are less satisfied with their performance despite achieving similar outcomes as men.
		- Women may unduly penalize themselves by failing to engage in negotiations when such action would be in their best interests

3. Cultural Differences in Negotiations (See Exhibit 15–9)

* + - Negotiating styles clearly vary across national cultures.
		- The French like conflict.
			* They gain recognition and develop their reputations by thinking and acting against others.
			* They tend to take a long time in negotiating agreements, and they are not overly concerned about whether their opponents like or dislike them.
		- The Chinese also draw out negotiations but that is because they believe negotiations never end.
			* Just when you think you have reached a final solution, the Chinese executive might smile and start the process all over again.
			* Like the Japanese, the Chinese negotiate to develop a relationship and a commitment to work together.
			* Americans are known around the world for their impatience and their desire to be liked.
			* Astute negotiators often turn these characteristics to their advantage.
		- The cultural context of the negotiation significantly influences the amount and type of preparation for bargaining, the emphasis on task versus interpersonal relationships, the tactics used, etc.
		- A study compared North Americans, Arabs, and Russians negotiating style, how they responded to an opponent’s arguments, their approach to making concessions, and how they handled negotiating deadlines.
			* North Americans tried to persuade others by relying on facts and appealing to logic.

They made small concessions early in the negotiation to establish a relationship and usually reciprocated the opponent’s concessions.

North Americans treated deadlines as very important.

* + - * The Arabs tried to persuade by appealing to emotion.

They countered opponent’s arguments with subjective feelings.

They made concessions throughout the bargaining process and almost always reciprocated opponents’ concessions.

Arabs approached deadlines very casually.

* + - * The Russians based their arguments on asserted ideals.

They made few, if any, concessions.

Any concession offered by an opponent was viewed as a weakness and almost never reciprocated.

Finally, the Russians tended to ignore deadlines.

* + - A second study looked at verbal and nonverbal negotiation tactics exhibited by North Americans, Japanese, and Brazilians during half-hour bargaining sessions.
			* Brazilians on average said “No” 83 times compared to five times for the Japanese and nine times for the North Americans.
			* The Japanese displayed more than five periods of silence lasting longer than ten seconds during the 30-minute sessions.
			* North Americans averaged 3.5 such periods; the Brazilians had none.
			* The same number of times, but the Brazilians interrupted 2.5 to 3 times more often
			* Finally, while the Japanese and the North Americans had no physical contact with their opponents during negotiations except for handshaking, the Brazilians touched each other almost five times every half-hour.

4. Third-Party Negotiations

* + - When individuals or group representatives reach a stalemate and are unable to resolve their differences through direct negotiations, they may turn to a third party.
		- A mediator is a neutral third party who facilitates a negotiated solution by using reasoning and persuasion, suggesting alternatives, and the like.
			* They are widely used in labor-management negotiations and in civil court disputes.
			* Their settlement rate is approximately 60 percent, with negotiator satisfaction at about 75 percent.
			* The key to success—the conflicting parties must be motivated to bargain and resolve their conflict, intensity cannot be too high, and the mediator must be perceived as neutral and noncoercive.
		- An *arbitrator* is “a third party with the authority to dictate an agreement.”
			* It can be voluntary (requested) or compulsory (forced on the parties by law or contract).
			* The authority of the arbitrator varies according to the rules set by the negotiators.
			* The arbitrator might be limited to choosing one of the negotiator’s last offers or to suggesting an agreement point that is nonbinding, or free to choose and make any judgment.
			* The big plus of arbitration over mediation is that it always results in a settlement.
			* Any negative depends on how “heavy-handed” the arbitrator appears.
		- A *conciliator* is “a trusted third party who provides an informal communication link among parties.”
			* This role was made famous by Robert Duval in the first *Godfather* film.
			* Conciliation is used extensively in international, labor, family, and community disputes.
			* Comparing its effectiveness to mediation has proven difficult.
			* Conciliators engage in fact finding, interpreting messages, and persuading disputants to develop agreements.
		- A *consultant* is “a skilled and impartial third party who attempts to facilitate problem solving through communication and analysis, aided by his or her knowledge of conflict management.”
			* In contrast to the previous roles, the consultant’s role is to improve relations between the conflicting parties so that they can reach a settlement themselves.
			* This approach has a longer-term focus: to build new and positive perceptions and attitudes between the conflicting parties.

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *“Negotiating Across Cultures.”* found in the text and at the end of this chapter. Obtaining a favorable outcome in negotiations may, in part, depend on the cultural characteristics of your opponent. ■

**OR**

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *A Negotiation Role Play* found in the text and at the end of this chapter.. **■**

**OR**

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT 2: *Negotiation Puts Hockey in the Penalty Box,* found in the text and at the end of this chapter. Questions for students to answer follow.

V. SUMMARY AND IMPLICATIONS FOR MANAGERS

 A. Conflict can be either constructive or destructive

 B. Inadequate or excessive conflict

* Reduced satisfaction
* Increased absenteeism
* Lower productivity

 C. Optimal conflict

* Decreases apathy
* Increases motivation

 D. Handling conflict

* Competition
* Collaboration
* Avoidance
* Accommodation
* Compromise

 E Negotiation

* Distributive bargaining

Chapter 16

Expanded Chapter Outline

I. What Is Organizational Structure?

 A. Introduction

* An organizational structure defines how job tasks are formally divided, grouped, and coordinated. (See Exhibit 16–1)
* There are six key elements:
	+ - Work specialization
		- Departmentalization
		- Chain of command
		- Span of control
		- Centralization and decentralization
		- Formalization

B. Work Specialization (See Exhibit 16–2)

* Henry Ford became rich and famous by building automobiles on an assembly line, demonstrating that work can be performed more efficiently by using a work specialization strategy.
	+ - Every Ford worker was assigned a specific, repetitive task.
		- By breaking jobs up into small standardized tasks, Ford was able to produce cars at the rate of one every ten seconds, while using employees who had relatively limited skills.
		- In essence, an entire job is broken into a number of steps, each completed by a separate individual.
* By the late 1940s, most manufacturing jobs in industrialized countries were being done this way. Management saw this as a means to make the most efficient use of its employees’ skills.
* Managers also looked for other efficiencies that could be achieved through work specialization:
	+ - Employee skills at performing a task successfully increase through repetition.
		- Training for specialization is more efficient from the organization’s perspective.
		- It increases efficiency and productivity, encouraging the creation of special inventions and machinery.
* For much of the first half of this century, managers viewed work specialization as an unending source of increased productivity. By the 1960s, there became increasing evidence that a good thing can be carried too far.
	+ - The human diseconomies from specialization—boredom, fatigue, stress, low productivity, poor quality, increased absenteeism, and high turnover—more than offset the economic advantages.
		- In such cases, enlarging the scope of job activities could increase productivity.
* Most managers today see work specialization as neither obsolete nor as an unending source of increased productivity. Managers recognize the economies it provides and the problems it creates when carried too far.

C. Departmentalization

* Grouping these jobs together so common tasks can be coordinated is called *departmentalization*.
* One of the most popular ways to group activities is by *functions* performed. For example, a manufacturing manager might organize his/her plant by separating engineering, accounting, manufacturing, personnel, and purchasing specialists into common departments.
	+ - The advantage to this type of grouping is obtaining efficiencies from putting like specialists together. Functional departmentalization achieves economies of scale by placing people with common skills and orientations into common units.
* Tasks can also be departmentalized by the *type of product* the organization produces.
	+ - Procter & Gamble recently reorganized along these lines. Each major product—such as Tide, Pampers, Charmin, and Pringles—will be placed under the authority of an executive who will have complete global responsibility for that product.
		- The major advantage to this type of grouping is increased accountability for product performance under a single manager.
* Another way to departmentalize is on the basis of *geography or territory*.
	+ - The sales function, for instance, may have western, southern, mid-western, and eastern regions.
* *Process* departmentalization is exemplified by Reynolds Metals aluminum tubing plant where production is organized into five departments. This method offers a basis for the homogeneous categorizing of activities.
	+ - Process departmentalization can be used for processing customers as well as products. For example, at the state motor vehicles office you might find:
			* Validation by motor vehicles division
			* Processing by the licensing department
			* Payment collection by the treasury department
		- A final category of departmentalization is by *type of customer*.
			* Microsoft, for instance, recently reorganized around four customer markets: consumers, large corporations, software developers, and small businesses.
			* The assumption is that customers in each department have a common set of problems and needs that can best be met by having specialists for each.
		- Large organizations may use all of the forms of departmentalization that we have described.
			* A major Japanese electronics firm organizes each of its divisions along functional lines—its manufacturing units around processes, its sales around seven geographic regions, and each sales region into four customer groupings.
			* Rigid, functional departmentalization is increasingly complemented by teams.

D. Chain of Command

* Thirty years ago, the chain-of-command was a basic cornerstone in the design of organizations.
* The *chain of command* is "an unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who reports to whom."
	+ - It answers the questions: “To whom do I go if I have a problem?” and “To whom am I responsible?”
* Two complementary concepts: *authority* and *unity of command.*
	+ - *Authority*—"the rights inherent to management to give orders and expect the orders to be obeyed."
		- The *unity-of-command* principle helps preserve the concept of an unbroken line of authority. It states that a person should have only one superior to whom he/she is directly responsible.
			* Times change, and so do the basic tenets of organizational design. The concepts of chain of command have less relevance today because of technology and the trend of empowering employees.
			* A low-level employee today can access information in seconds that 30 years ago was available only to top managers.
			* Similarly, computer technology increasingly allows employees anywhere in an organization to communicate with anyone else without going through formal channels.
			* Cross-functional and self-managed teams and the creation of new structural designs make the unity-of-command concept less relevant.

**Teaching Note:** At this point in the lecture you may want to introduce the TEAM EXERCISE: *Authority Figures* found in the text and at the end of this chapter. ■

E. Span of Control

* How many employees a manager can efficiently and effectively direct is an important question.
* All things being equal, the wider or larger the span, the more efficient the organization.
* Exhibit 16–3 illustrates that reducing the number of managers leads to significant savings.
* Wider spans are more efficient in terms of cost.
* However, at some point, wider spans reduce effectiveness.
* Narrow or small spans have their advocates. By keeping the span of control to five or six employees, a manager can maintain close control.
* Narrow spans have three major drawbacks:
	+ - First, as already described, they are expensive because they add levels of management.
		- Second, they make vertical communication in the organization more complex.
		- Third, narrow spans of control encourage overly tight supervision and discourage employee autonomy.
* The trend in recent years has been toward wider spans of control.
	+ - They are consistent with recent efforts by companies to reduce costs, cut overhead, speed up decision making, increase flexibility, get closer to customers, and empower employees.
		- To ensure that performance does not suffer because of these wider spans, organizations have been investing heavily in employee training.

**Teaching Note:** At this point in the lecture you may want to introduce OB IN THE NEWS: *There Is No One Right Span of Control* found in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

F. Centralization and Decentralization

* *Centralization* refers to the degree to which decision making is concentrated at a single point in the organization. A centralized organization is inherently different structurally from one that is decentralized.
	+ - In some organizations, top managers make all the decisions. This is highly centralized.
		- The concept includes only formal authority.
		- The organization is centralized when top management makes the organization’s key decisions with little or no input from lower-level personnel. The concept includes only formal authority.
* There are organizations where decision making is pushed down to those managers who are closest to the action. This is highly decentralized.
	+ - The more that lower-level personnel provide input, the more decentralization there is.
		- In a decentralized organization, action can be taken more quickly to solve problems, more people provide input into decisions, and employees are less likely to feel alienated.
		- There has been a marked trend toward decentralizing decision making. For example, Sears and JC Penney have given their store managers considerably more discretion on what merchandise to stock.

G. Formalization

* Formalization refers to the degree to which jobs within the organization are standardized.
* A highly formalized job gives the job incumbent a minimum amount of discretion over what is to be done, when it is to be done, and how he or she should do it. Employees can be expected always to handle the same input in exactly the same way.
* The greater the standardization, the less input the employee has into how the job is done.
* *Low formalization*—job behaviors are relatively nonprogrammed, and employees have a great deal of freedom to exercise discretion in their work.
* The degree of formalization can vary widely between organizations and within organizations.

II. Common Organizational Designs

A. The Simple Structure

* The simple structure is characterized most by what it is *not* rather than what it *is*:
	+ - It is not elaborated.
		- It has a low degree of departmentalization, wide spans of control, authority centralized in a single person, and little formalization.
		- The simple structure is a “flat” organization; it usually has only two or three vertical levels.
		- One individual has the decision-making authority.
* The simple structure is most widely practiced in small businesses in which the manager and the owner are one and the same. (See Exhibit 16–5, an organization chart for a retail men’s store.)
* The strength of the simple structure lies in its simplicity. It is fast, flexible, inexpensive to maintain, and accountability is clear.
* One major weakness is that it is difficult to maintain in anything other than small organizations.
	+ - It becomes increasingly inadequate as an organization grows because its low formalization and high centralization tend to create information overload at the top.
		- When an organization begins to employ 50–100 people, it is very difficult for the owner-manager to make all the choices.
		- If the structure is not changed and made more elaborate, the firm often loses momentum and can eventually fail.
* The simple structure’s other weakness is that it is risky—everything depends on one person. Illness can literately destroy the information and decision making center of the company.

B. The Bureaucracy

* Standardization—the key concept for all bureaucracies.
* The bureaucracy is characterized by:
	+ - Highly routine operating tasks achieved through specialization
		- Very formalized rules and regulations
		- Tasks that are grouped into functional departments
		- Centralized authority
		- Narrow spans of control
		- Decision making that follows the chain of command
* Its primary strength is in its ability to perform standardized activities in a highly efficient manner.
	+ - Putting like specialties together in functional departments results in economies of scale, minimum duplication of personnel and equipment, etc.
		- Bureaucracies get by nicely with less talented and less costly middle- and lower-level managers.
* Weaknesses
	+ - Specialization creates subunit conflicts; functional unit goals can override the organization’s goals.
		- Obsessive concern with following the rules

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *Structural Considerations in Multinationals* found in the text and at the end of this chapter. ■

C. The Matrix Structure

* It is used in advertising agencies, aerospace firms, research and development laboratories, construction companies, hospitals, government agencies, universities, management consulting firms, and entertainment companies.
* It combines two forms of departmentalization—functional and product:
	+ - The strength of functional departmentalization—putting like specialists together and the pooling and sharing of specialized resources across products
* Its major disadvantage is the difficulty of coordinating the tasks.
* Product departmentalization facilitates coordination.
* It provides clear responsibility for all activities related to a product, but with duplication of activities and costs.
* The most obvious structural characteristic of the matrix is that it breaks the unity-of-command concept. (Exhibit 16–6 shows the matrix form as used in a college of business administration.)
* Its strength is its ability to facilitate coordination when the organization has a multiplicity of complex and interdependent activities:
	+ - The dual lines of authority reduce tendencies of departmental members to protect their worlds.
		- It facilitates the efficient allocation of specialists.
* The major disadvantages of the matrix lie in the confusion it creates, its propensity to foster power struggles, and the stress it places on individuals:
	+ - Violation of unity-of-command concept increases ambiguity that often leads to conflict.
		- Confusion and ambiguity also create the seeds of power struggles.
		- Reporting to more than one boss introduces role conflict, and unclear expectations introduce role ambiguity.

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *“I Detest Bureaucracy”* found in the text and at the end of this chapter. A suggestion for how to use this in your class follows.

III. New Design Options

A. The Team Structure

* When management uses teams as its central coordination device, you have a *team structure*.
* It breaks down departmental barriers and decentralizes decision making to the level of the work team.
* Team structures also require employees to be generalists as well as specialists.
* In smaller companies, the team structure can define the entire organization.
* In larger organizations, the team structure complements what is typically a bureaucracy. Team structure enhances the efficiency of bureaucracy’s standardization by adding the flexibility that teams bring.

B. The Virtual Organization

* The essence of the virtual organization is that it is typically a small, core organization that outsources major business functions:
	+ - Also referred to as modular or network organization
		- It is highly centralized, with little or no departmentalization.
* The prototype of the virtual structure is today’s movie-making organization:
	+ - In Hollywood’s golden era, movies were made by huge, vertically integrated corporations.
		- Nowadays, most movies are made by a collection of individuals and small companies who come together and make films project by project.
		- This structural form allows each project to be staffed with the talent most suited to its demands, rather than having to choose just from those people the studio employs.
* When large organizations use the virtual structure, they frequently use it to outsource manufacturing. Companies like Nike, Reebok, L.L. Bean, and Dell Computer can do business without having to own manufacturing facilities.
* Virtual organizations create networks of relationships that allow them to contract out business function where management feels that others can do it better or more cheaply.
* The virtual organization stands in sharp contrast to the typical bureaucracy in that it outsources many generic functions and concentrates on what it does best.
	+ - Exhibit 16–7 shows a virtual organization in which management outsources all of the primary functions of the business. The dotted lines in this exhibit represent those relationships typically maintained under contracts. In essence, managers in virtual structures spend most of their time coordinating and controlling external relations, typically by way of computer-network links.
* The major advantage to the virtual organization is its flexibility.
* The primary drawback is that it reduces management’s control over key parts of its business.

C. The Boundaryless Organization

* General Electric’s former chairman, Jack Welch, coined the term *boundaryless organization.*
	+ - Welch wanted to turn his company into a “$60 billion family grocery store.”
		- He wanted to eliminate vertical and horizontal boundaries and break down external barriers.
* The boundaryless organization seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams.
* Because it relies so heavily on information technology, some call this structure the T-form (or technology-based) organization.
	+ - By removing vertical boundaries, management flattens the hierarchy and minimizes status and rank.
		- Uses cross-hierarchical teams
		- Uses participative decision-making practices
		- Uses 360-degree performance appraisals
* Functional departments create horizontal boundaries. The way to reduce these barriers is to:
	+ - Replace functional departments with cross-functional teams and organize around processes.
		- Use lateral transfers and rotate people into and out of different functional areas.
* The boundaryless organization also breaks down barriers to external constituencies (suppliers, customers, regulators, etc.) and barriers created by geography.
* The one common technological thread of boundaryless organization is networked computers:
	+ - E-mail enables employees to share information simultaneously and to communicate directly.
		- Many large companies are developing private nets or “intranets.” Using the Internet and the World Wide Web, these private nets are internal communication systems.

IV. Why Do Structures Differ? (See Exhibit 16–8)

A. Introduction

* The *mechanistic model*—synonymous with the bureaucracy—has extensive departmentalization, high formalization, a limited information network (mostly downward), and little participation in decision making.
	+ - The *organic model* looks a lot like the boundaryless organization; it uses cross-hierarchical and cross-functional teams, low formalization, a comprehensive information network, and high participation in decision making.
		- Why are some organizations structured along mechanistic lines while others are organic?

B. Strategy

* An organization’s structure is a means to help management achieve its objectives. Objectives derive from the organization’s overall strategy.
* Structure should follow strategy.
* Most current strategy frameworks focus on three strategy dimensions—innovation, cost minimization, and imitation—and the structural design that works best with each.
* An *innovation strategy* means a strategy for meaningful and unique innovations. This strategy may appropriately characterize 3M Company.
* A *cost-minimization strategy* tightly controls costs, refrains from incurring unnecessary innovation or marketing expenses, and cuts prices in selling a basic product. This describes Wal-Mart’s strategy.
* An *imitation strategy* tries to capitalize on the best of both innovation and cost-minimization strategies:
	+ - It seeks to minimize risk and maximize opportunity for profit.
		- It moves into new products or new markets only after viability has been proven by innovators.
		- It copies successful ideas of innovators.
		- Manufactures mass-marketed fashion goods that are rip-offs of designer styles
* Exhibit 16–9 describes the structural option that best matches each strategy:
	+ - Innovators need the flexibility of the organic structure.
		- Cost minimizers seek the efficiency and stability of the mechanistic structure.
		- Imitators combine the two structures—a mechanistic structure (in order to maintain tight controls and low costs) and organic subunits (to pursue new lines of business).

C. Organization Size

* There is considerable evidence to support that an organization’s size significantly affects its structure.
* Large organizations—employing 2,000 or more people—tend to have more specialization, more departmentalization, more vertical levels, and more rules and regulations than do small organizations.
* The impact of size becomes less important as an organization expands. Once an organization has around 2,000 employees, it’s already fairly mechanistic. An additional 500 employees will not have much impact. However, adding 500 employees to a 300-employee firm is likely to result in a mechanistic structure.

D. Technology

* The term refers to how an organization transfers its inputs into outputs.
* Every organization has at least one technology for converting financial, human, and physical resources into products or services.
	+ - Ford Motor Company predominantly uses an assembly-line process to make its products.
		- Colleges may use a number of instruction technologies—the ever-popular formal lecture method, the case analysis method, the experiential exercise method, the programmed learning method, etc. to educate its students.
* Technologies can be differentiated by degree of routineness:
	+ - Routine technologies are characterized by automated and standardized operations.
		- Nonroutine technologies are customized and include such varied operations as furniture restoring, custom shoemaking, and genetic research.
* The relationships between technology and structure:
	+ - Routine tasks are associated with taller and more departmentalized structures.
		- The relationship between technology and formalization, however, is stronger.
		- Routineness is associated with the presence of formalized documentation.
		- There is an interesting relationship between technology and centralization:
			* + Routine technologies seem to be associated with a centralized structure.
				+ Nonroutine technologies, which rely more heavily on the knowledge of specialists, would be characterized by delegated decision authority.
				+ A more generalizable conclusion is that the technology-centralization relationship is moderated by the degree of formalization.
* Formal regulations and centralized decision making are both control mechanisms and substitutable:
	+ - Routine technologies associate with centralized control if there is a minimum of rules and regulations.
		- If formalization is high, routine technology can be accompanied by decentralization.

E. Environment

* An organization’s structure is affected by its environment because of environmental uncertainty:
	+ - Some organizations face static environments—few forces in their environment are changing.
		- Other organizations face very dynamic environments—rapidly changing government regulations affecting their business, new competitors, difficulties in acquiring raw materials, etc.
		- Static environments create significantly less uncertainty for managers than do dynamic ones.
* One way to reduce environmental uncertainty is through adjustments in the organization’s structure.
* There are three key dimensions to organizational environment—capacity, volatility, and complexity. (See Exhibit 16–10)
	+ - *Capacity*
			* + "The degree to which it can support growth."
				+ Rich and growing environments generate excess resources, which can buffer times of relative scarcity.
		- *Volatility*
			* + Refers to "the degree of instability in an environment characterized by a high degree of unpredictable change."
				+ The environment is dynamic, making it difficult for management to predict accurately the probabilities associated with various decision alternatives.
				+ At the other extreme is a stable environment.
		- *Complexity*
			* + "The degree of heterogeneity and concentration among environmental elements."
				+ Simple environments are homogeneous and concentrated.
				+ In contrast, environments characterized by heterogeneity and dispersion are called complex.
* Some general conclusions based on the three-dimensional definition of environment are:
	+ - The more scarce, dynamic, and complex the environment, the more organic a structure should be.
		- The more abundant, stable, and simple the environment, the more the mechanistic structure will be preferred.

**Teaching Note:** At this point in the lecture you may want to introduce the POINT/COUNTERPOINT: *Technology is Reshaping Organizations* found in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

***OR***

**Teaching Note:** At this point in the lecture you may want to introduce the MYTH OR SCIENCE? *“Bureaucracy Is Dead”* found in the text and at the end of this chapter. A suggestion for how to use this in your class follows. ■

V. Organizational Designs and Employee Behavior

* One cannot generalize when linking organizational structures to employee performance and satisfaction. There is no predominant preference among employees.
	+ - Generally, work specialization contributes to higher employee productivity but reduces job satisfaction. Why?
			* + Problems start to surface, and productivity begins to suffer when the human diseconomies of doing repetitive and narrow tasks overtake the economies of specialization.
				+ Specialized jobs are still preferred by a segment of the workforce that prefers the routine and repetitiveness of highly specialized jobs.
				+ Negative behavioral outcomes from high specialization are most likely to surface in professional jobs occupied by individuals with high needs for personal growth and diversity.
		- There seems to be no evidence to support a relationship between span of control and employee performance.
			* + It is intuitively attractive to argue that large spans might lead to higher employee performance but the research fails to support this notion.
				+ It is impossible to state what span of control is best for producing high performance or high satisfaction among employees.
				+ There is some evidence indicating that a manager’s job satisfaction increases as the number of employees he or she supervises increases.
		- There is a fairly strong link between centralization and job satisfaction.
			* + Generally, the less centralization, the greater the amount of participative decision making. Participative decision making is positively related to job satisfaction.
				+ The decentralization-satisfaction relationship is strongest with employees who have low self-esteem. To maximize employee performance and satisfaction, individual differences—such as experience, personality, and the work task—should be taken into account.
		- In addition, national culture influences preference for structure so it, too, needs to be considered.
		- There is substantial evidence that individuals are attracted to, selected by, and stay with organizations that suit their personal characteristics.
		- The effect of structure on employee behavior is undoubtedly reduced where the selection process facilitates proper matching of individual characteristics with organizational characteristics.

**Teaching Note:** At this point in the lecture you may want to introduce the ETHICAL DILEMMA: *Just Following Orders* found in the text and at the end of this chapter. A suggestion for a class discussion follows. ■

VI. SUMMARY AND IMPLICATIONS FOR MANAGERS (See Exhibit 16–11)

A. An organization’s internal structure contributes to explaining and predicting behavior

B. The organization’s structure can also affect an individual’s attitude

C. The structure is often defined by strategy, size, technology, and environment

D. Employees hold implicit models of the organization structure

Chapter 17

Expanded Chapter Outline

I. Institutionalization: A Forerunner of Culture

* + Viewing organizations as cultures (where there is a system of shared meaning among members) is a recent phenomenon.
	+ The origin of culture as an independent variable affecting employees’ attitudes and behavior can be traced back to the notion of *institutionalization*.
	+ When an organization becomes institutionalized, it takes on a life of its own, apart from its founders or any of its members.
	+ Also, the organization becomes valued for itself, not merely for the goods or services it produces.
	+ Institutionalization operates to produce common understandings among members about what is appropriate and meaningful behavior.

II. What Is Organizational Culture?

A A Definition (Exhibit 17–1)

* + Organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations.
	+ Research identifies seven primary characteristics that capture the essence of an organization’s culture:
* *Innovation and risk taking.* The degree to which employees are encouraged to do both
* *Attention to detail.* Degree to which employees are expected to exhibit precision, analysis, and attention to detail.
* *Outcome orientation.* Degree to which management focuses on results rather than on processes used to achieve them.
* *People orientation.* Degree to which management decisions consider the effect of outcomes on people within the organization.
* *Team orientation.* Degree to which work activities are organized around teams rather than individuals.
* *Aggressiveness.* Degree to which people are aggressive and competitive.
* *Stability.* Degree to which activities emphasize maintaining the status quo.
	+ Each of the characteristics exists on a continuum from low to high.

**Teaching Note:** At this point in the lecture you may want to introduce International OB: *“A Good Organizational Culture Knows No Boundaries”* found in the text and at the end of this chapter.

B. *Culture* Is a Descriptive Term

* + Organizational culture is concerned with employees’ perception of the characteristics of the culture—not whether they like them.
	+ Research has sought to measure how employees see their organization:
* Does it encourage teamwork?
* Does it reward innovation?
* Does it stifle initiative?
	+ Organizational culture differs from job satisfaction:
* Job satisfaction is evaluative.
* Organizational culture is descriptive.

C. Do Organizations Have Uniform Cultures?

* + Most organizations have a dominant culture and numerous sets of subcultures.
* Dominant culture expresses the core values that are shared by a majority of the organization’s members.
* Subcultures tend to develop in large organizations to reflect common problems, situations, or experiences that members face.

D. Strong Versus Weak Cultures

* + Strong culture: core values are intensely held and widely shared.
	+ More members who accept core values and greater their commitment to those values, the stronger the culture is.
	+ Result of strong culture should be lower employee turnover.

E. Culture Versus Formalization

* + A strong culture increases behavioral consistency.
* High formalization creates predictability, orderliness, and consistency.
* Formalization and culture are two different roads to a common destination.
* The stronger an organization’s culture, the less management needs to develop formal rules and regulations.
* Employees internalize guides when they accept the organization’s culture.

F. Organizational Culture Versus National Culture

* + National culture has a greater impact on employees than does their organization’s culture.

III. What Do Cultures Do?

A. Culture’s Functions

* + - Boundary-defining role
		- Conveys a sense of identity for members
		- Facilitates the generation of commitment
		- Enhances the stability of the social system
		- Culture serves as a sense-making and control mechanism; guides and shapes attitudes and behavior of employees.

**Teaching Note:** At this point in the lecture you may want to introduce OB IN THE NEWS: *A Strong Culture Keeps Managers Aboard at Bubba Gump Shrimp Co. f*ound in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

B. Culture as a Liability

 1. Introduction

* + - Culture enhances organizational commitment and increases the consistency of employee behavior.

2. Barriers to Change

* + - Culture is a liability when the shared values are not in agreement with those that will further the organization’s effectiveness.
		- Most likely to occur when the environment is dynamic
		- Where there is rapid change, an entrenched culture may no longer be appropriate.

3. Barriers to Diversity

* + - Diverse behaviors and strengths are likely to diminish in strong cultures as people attempt to fit in.
		- Strong culture can be liabilities when they effectively eliminate the unique strengths that people of different backgrounds bring to the organization.
		- Strong cultures can also be liabilities when they support institutional bias or become insensitive to people who are different.

4. Barriers to Acquisitions and Mergers

* + - Cultural compatibility has become the primary concern when considering acquisitions and/or mergers.
		- Primary cause for failed acquisitions is conflicting organizational culture.
		- Example: AT&T’s 1991 acquisition of NCR
		- Example: Daimler-Benz $36 million acquisition of Chrysler; wiped out $60 billion in market value.

**Teaching Note:** At this point in the lecture you may want to introduce MYTH OR SCIENCE? “*Success Breeds Success”* found in the text and at the end of this chapter. A suggestion for a class exercise follows. ■

IV. Creating and Sustaining Culture

 A. Introduction

* + - Once an organization’s culture is established it rarely fades award.

B. How a Culture Begins

* + - Ultimate source of an organization’s culture is its founders.
		- Founders have vision of what the organization should be.
		- Unconstrained by previous ideologies or customs
		- New organizations are typically small; facilitates the founders’ imparting of their vision on all organizational members.
* Culture creation occurs in three ways:
* Founders hire employees who feel the way they do.
* Employees are indoctrinated and socialized into the founders’ way of thinking.
* Founders’ behavior acts as a role model.

C. Keeping a Culture Alive

1. Selection

* + - Attempt to ensure a proper match.
		- Both candidates and organization learn about each other.

2. Top Management

* + - Norms are established through the behavior of executives.

3. Socialization

* + - The process of helping new employees adapt to the organization’s culture
		- Most critical time is at the initial entry point.
		- Employees who fail to learn role behaviors are labeled as “nonconformists” or “rebels.” May lead to expulsion
		- Three stage process (*Exhibit 17-2*)
* Prearrival
* Explicitly recognizes that each individual arrives with a set of values, attitudes, and expectations.
* Encounter
* Individual confronts the possible dichotomy between expectations and reality
* Metamorphosis
* Process of working out any problems discovered during the encounter stage

D. Summary: How Cultures Form (See Exhibit 17–4)

1. Founder’s philosophy guides culture.

2. Hiring is strongly influenced by founder.

3. Employees are socialized for the culture.

**Teaching Note:** At this point in the lecture you may want to introduce POINT/COUNTERPOINT “*Organizational Cultures Can’t be Changed”* found in the text and at the end of this chapter. A suggestion for a class exercise follows.

V. How Employees Learn Culture

 A. Introduction

* + Culture is transmitted to employees through stories, rituals, material symbols, and language.

B. Stories

* + Narrative of events about the organization’s founders, rule breaking, relocation of employees, past mistakes, etc. Serve as anchors for the present and legitimize current practices.

C. Rituals

* + Repetitive sequences of activities that express and reinforce the key values of the organization

D. Material Symbols

* + Layout of corporation headquarters, types of automobile top executives are given, aircraft, size of offices, executive perks, etc.

E. Language

* + Organizations develop unique terms related to its business. When jargon has been assimilated, it acts as a common denominator that unites members of a given culture or subculture.

VI. Creating an Ethical Organizational Culture

* + Characteristics shaping high ethical standards:
		- High in risk tolerance
		- Low to moderate in aggressiveness
		- Focuses on means as well as outcomes
		- Managers are supported for taking risks and innovating
			* Strong culture exerts more influence on employees than a weak one
			* How can management create a more ethical culture?
				+ Be a visible role model.
				+ Employees look to top management behavior as a benchmark.
				+ Communicate ethical expectations.
				+ Code of ethics can minimize ethical ambiguities.
				+ Provide ethical training.
				+ Training sessions that reinforce standards of conduct and clarify permissible practices
				+ Visibly reward ethical acts and punish unethical ones.
				+ Performance appraisal of managers should include analysis of behavior against code of ethics.
				+ Provide protective mechanisms.
				+ Creation of ethical counselors, ombudsmen, or ethical officers.

**Teaching Note:** At this point in the lecture you may want to introduce ETHICAL DILEMMA “*Is Involuntary Ethics Training Unethical?”* found in the text and at the end of this chapter. A suggestion for a class discussion follows.

VII. Creating a Customer-Responsive Culture

 A. Introduction

* + Most organizations are attempting to create a customer-responsive culture because they recognize that this is the path to customer loyalty and long-term profitability.

B. Key Variables Shaping Customer-Responsive Cultures

* + A review of the evidence finds that half-a-dozen variables are routinely evident in customer-responsive cultures.
		- * + *First* is the type of employees themselves. Successful, service-oriented organizations hire employees who are outgoing and friendly.
				+ *Second* is low formalization. Service employees need to have the freedom to meet changing customer service requirements. Rigid rules, procedures, and regulations make this difficult.
				+ *Third* is an extension of low formalization—it is the widespread use of empowerment. Empowered employees have the decision discretion to do what is necessary to please the customer.
				+ *Fourth* is good listening skills. Employees in customer-responsive cultures have the ability to listen to and understand messages sent by the customer.
				+ *Fifth* is role clarity. Service employees act as “boundary spanners” between the organization and its customers. They have to acquiesce to the demands of both their employer and the customer.
				+ Finally, customer-responsive cultures have employees who exhibit organizational citizenship behavior. They are conscientious in their desire to please the customer.

C. Managerial Action

 1. Introduction

* + There are a number of actions that management can take if it wants to make its culture more customer-responsive.

2. Selection

* + The place to start in building a customer-responsive culture is hiring service-contact people with the personality and attitudes consistent with a high service orientation.
	+ Studies show that friendliness, enthusiasm, and attentiveness in service employees positively affect customers’ perceptions of service quality. Managers should look for these qualities in applicants.

3. Training and Socialization

* + Management is often faced with the challenge of making its current employees more customer-focused. In such cases, the emphasis will be on training rather than hiring.
	+ The content of these training programs will vary widely but should focus on improving product knowledge, active listening, showing patience, and displaying emotions.
	+ All new service-contact people should be socialized into the organization’s goals and values.
	+ Regular training updates in which the organization’s customer-focused values are restated and reinforced is an important strategy.

4. Structural Design

* + Organization structures need to give employees more control. This can be achieved by reducing rules and regulations. Employees are better able to satisfy customers when they have some control over the service encounter.

5. Empowerment

* + Empowering employees with the discretion to make day-to-day decisions about job-related activities

6. Leadership

* + Effective leaders in customer-responsive cultures deliver by conveying a customer-focused vision and demonstrate by their continual behavior that they are committed to customers.

7. Performance Evaluation

* + Evidence suggests that behavior-based performance evaluations are consistent with improved customer service.
	+ Behavior-based evaluations appraise employees on the basis of how they behave or act—on criteria such as effort, commitment, teamwork, friendliness, and the ability to solve customer problems—rather than on the measurable outcomes they achieve.
	+ Behavior based evaluations give employees the incentive to engage in behaviors that are conducive to improved service quality and gives employees more control over the conditions that affect their performance evaluations.

8. Reward Systems

* + If management wants employees to give good service, it has to reward good service. It should include ongoing recognition, and it needs to make pay and promotions contingent on outstanding customer service.

**Teaching Note:** At this point in the lecture you may want to introduce the CASE INCIDENT: *Southwest Airlines Faces New Challenges* found in the text and at the end of this chapter. Questions to engage the student follow. ■

VIII. Spirituality and Organizational Culture

A. What Is Spirituality?

* + - *Workplace spirituality* is *not* about organized religious practices. It is not about God or theology.
		- *Workplace spirituality*recognizes that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community.

B. Why Spirituality Now? (See Exhibit 17–5)

* + - Historical models of management and organizational behavior had no room for spirituality. The myth of rationality assumed that the well-run organization eliminated feelings.
		- An awareness of spirituality can help you to better understand employee behavior.

C. Characteristics of a Spiritual Organization

* + - Spiritual organizations are concerned with helping people develop and reach their full potential.
		- Organizations that are concerned with spirituality are more likely to directly address problems created by work/life conflicts.
		- What differentiates spiritual organizations from their non-spiritual counterparts?
		- *Strong Sense of Purpose*
	+ Spiritual organizations build their cultures around a meaningful purpose. For example, Ben & Jerry’s has closely intermeshed socially responsible behavior into its producing and selling of ice cream.
		- *Focus on Individual Development*
	+ Spiritual organizations recognize the worth and value of people. They are not just providing jobs. They seek to create cultures in which employees can continually learn and grow.
	+ Recognizing the importance of people, they also try to provide employment security.
		- *Trust and Respect*
	+ Spiritual organizations are characterized by mutual trust, honesty, and openness. Managers aren’t afraid to admit mistakes.
	+ They tend to be extremely up front with their employees, customers, and suppliers.
		- *Humanistic Work Practices*
	+ Managers in spiritually based organizations are comfortable delegating authority to individual employees and teams. They trust their employees to make thoughtful and conscientious decisions.
		- *Toleration of Employee Expression*
	+ They allow people to be themselves—to express their moods and feelings without guilt or fear of reprimand.

D. Criticisms of Spirituality

* + - Critics of the spirituality movement in organizations have focused on two issues:
		- First is the question of legitimacy. Specifically, do organizations have the right to impose spiritual values on their employees?
		- Second is the question of economics. Are spirituality and profits compatible?
		- This criticism is undoubtedly valid when spirituality is defined as bringing religion and God into the workplace. However, the goal is limited to helping employees find meaning in their work lives and to use the workplace as a source of community.
		- The issue of whether spirituality and profits are compatible objectives is certainly relevant for managers and investors in business. A recent research study by a major consulting firm found that companies that introduced spiritually based techniques improved productivity and significantly reduced turnover.
		- Another study found that organizations that provide their employees with opportunities for spiritual development outperformed those that did not.
		- Other studies also report that spirituality in organizations was positively related to creativity, employee satisfaction, team performance, and organizational commitment.

IX. SUMMARY AND IMPLICATIONS FOR MANAGERS (See Exhibit 17–6) A.

A. Employee’s perceptions of the organization become the organization’s culture. Cultures are relatively stable and only change when forced.

B. It is important to consider how future employees may fit with the organizational culture.

C. Socialization is vitally important to introducing and maintaining the culture of an organization