

URSULA M. BURNS AND THE CULTURE OF XEROX

Ursula M. Burns is not your typical CEO. She is unusually low key, avoiding the limelight many of her fellow CEOs—from Apple’s former CEO Steve Jobs to GE’s Jeffrey Immelt—seem to relish. When asked what first surprised her about being CEO, she mentioned the flood of attention. “The accolades I get for doing absolutely nothing are amazing. What have I done?” she asked. “The real story is not Ursula Burns. I just happen to be the person standing up at this point representing Xerox.”

We respectfully disagree. Burns is indeed notable as the first African American female CEO of an S&P 100 company. But the real story is the way she is quietly reshaping the culture of the industrial giant.

Historically, Xerox was a photocopying company, so successful that its name became a verb. However, in the 1980s and 1990s, as that business model declined, so did Xerox’s profits. When Anne Mulcahy took over Xerox in 2001, some said she won the job no one else wanted. She and Burns planned a bold transformation that included job cuts, but also investing in new technologies.

Since Burns took over in 2009, she has pushed forward two major initiatives. One is product focused: getting Xerox into information technology services. In 2011, Xerox rolled out Xerox Cloud, a set of business services that includes mobile printing and business process management.

Burns’ other initiative is cultural: she thinks Xerox’s culture is getting in its way. Burns wants Xerox’s 130,000 employees to embrace risk-taking, initiative, and frankness. “Terminal niceness” is how Burns describes a key tenet of Xerox’s old culture, one she thinks is often counterproductive to growth and innovation.

Maybe, says Burns, Xerox needs to function more like a real family. “When we’re in the family, you don’t have to be as nice as when you’re outside of the family,” she says. “I want us to stay civil and kind, but we have to be frank—and the reason we can be frank is because we are all in the same family.”

This delicate balance between civility and frankness requires humility. After all, one of the key ways to lead others to be frank is to be honest about your own limits. Burns does that. “I cannot be viewed as the solution to all problems in this company,” she notes. She does not expect perfection in herself, or in others. “People actually believe that before they come to you that they have to have perfection,” Burns laments. She would much prefer people be honest, open, and decisive. “Decide,” she implores. “Do things.”

Burns grew up in a gang-infested area of New York City without a father in her life and credits her mother with raising her aspirations and inspiring her humility. Her mother would often bluntly tell Burns to try to be better.

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

- 1 Define *organizational culture*, and describe its common characteristics.
- 2 Compare the functional and dysfunctional effects of organizational culture on people and the organization.
- 3 Identify the factors that create and sustain an organization’s culture.
- 4 Show how culture is transmitted to employees.
- 5 Demonstrate how an ethical culture can be created.
- 6 Describe a positive organizational culture.
- 7 Identify characteristics of a spiritual culture.
- 8 Show how national culture may affect the way organizational culture is transported to a different country.

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Organizational Culture

16

*When I hear the word culture,
I reach for my Browning.*

—Hanns Johst

Photo: President and Delegated Advisor of Xerox. Source: Samuel Sanchez El Pais Photos/Newscom.



Like every major CEO, Burns is a millionaire. Yet she still shops for groceries. She drives herself to work. She cleans her own house. “Where you are is not who you are,” her mother often told her. Burns appears to have lived that credo. With quiet determination, she’s trying to make Xerox’s culture, in some ways, reflect who she is.

Sources: A. Bryant, “We’re Family, So We Can Disagree,” *The New York Times* (February 21, 2010), pp. BU1, BU9; K. Damore, “Burns: Blazing A New Trail,” *CRN* (May 23, 2011), downloaded on July 15, 2011, from www.crn.com/; and D. Mattioli, “Xerox Makes Push for Faster Services Growth,” *The Wall Street Journal* (May 11, 2011), downloaded on July 15, 2011, from <http://online.wsj.com/>.

A strong organizational culture provides stability to an organization. But as the chapter-opening example shows, it’s not for everyone. And for some organizations, it can also be a major barrier to change. In this chapter, we show that every organization has a culture that, depending on its strength, can have a significant influence on the attitudes and behaviors of organization members. First let’s figure out what kind of organizational culture you prefer. Take the self-assessment to find out.



SELF-ASSESSMENT LIBRARY

What’s the Right Organizational Culture for Me?

In the Self-Assessment Library (available on CD and online), take assessment III.B.1 (What’s the Right Organizational Culture for Me?) and answer the following questions.

1. Judging from your results, do you fit better in a more formal and structured culture or in a more informal and unstructured culture?
2. Did your results surprise you? Why do you think you scored as you did?
3. How might your results affect your career path?

What Is Organizational Culture?

- 1 Define *organizational culture* and describe its common characteristics.

An executive once was asked what he thought *organizational culture* meant. He gave essentially the same answer a U.S. Supreme Court justice once gave in attempting to define pornography: “I can’t define it, but I know it when I see it.” We, however, need a basic definition of organizational culture to better understand the phenomenon. In this section we propose one and review several related ideas.

A Definition of Organizational Culture

Organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations.¹ Seven primary characteristics seem to capture the essence of an organization’s culture:²

1. **Innovation and risk taking.** The degree to which employees are encouraged to be innovative and take risks.
2. **Attention to detail.** The degree to which employees are expected to exhibit precision, analysis, and attention to detail.

3. **Outcome orientation.** The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve them.
4. **People orientation.** The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
5. **Team orientation.** The degree to which work activities are organized around teams rather than individuals.
6. **Aggressiveness.** The degree to which people are aggressive and competitive rather than easygoing.
7. **Stability.** The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

Each of these characteristics exists on a continuum from low to high. Appraising the organization on them, then, gives a composite picture of its culture and a basis for the shared understanding members have about the organization, how things are done in it, and the way they are supposed to behave. Exhibit 16-1

Exhibit 16-1 Contrasting Organizational Cultures

Organization A

This organization is a manufacturing firm. Managers are expected to fully document all decisions, and “good managers” are those who can provide detailed data to support their recommendations. Creative decisions that incur significant change or risk are not encouraged. Because managers of failed projects are openly criticized and penalized, managers try not to implement ideas that deviate much from the status quo. One lower-level manager quoted an often-used phrase in the company: “If it ain’t broke, don’t fix it.”

There are extensive rules and regulations in this firm that employees are required to follow. Managers supervise employees closely to ensure there are no deviations. Management is concerned with high productivity, regardless of the impact on employee morale or turnover.

Work activities are designed around individuals. There are distinct departments and lines of authority, and employees are expected to minimize formal contact with other employees outside their functional area or line of command. Performance evaluations and rewards emphasize individual effort, although seniority tends to be the primary factor in the determination of pay raises and promotions.

Organization B

This organization is also a manufacturing firm. Here, however, management encourages and rewards risk taking and change. Decisions based on intuition are valued as much as those that are well rationalized. Management prides itself on its history of experimenting with new technologies and its success in regularly introducing innovative products. Managers or employees who have a good idea are encouraged to “run with it.” And failures are treated as “learning experiences.” The company prides itself on being market driven and rapidly responsive to the changing needs of its customers.

There are few rules and regulations for employees to follow, and supervision is loose because management believes that its employees are hardworking and trustworthy. Management is concerned with high productivity but believes that this comes through treating its people right. The company is proud of its reputation as being a good place to work.

Job activities are designed around work teams, and team members are encouraged to interact with people across functions and authority levels. Employees talk positively about the competition between teams. Individuals and teams have goals, and bonuses are based on achievement of these outcomes. Employees are given considerable autonomy in choosing the means by which the goals are attained.

organizational culture *A system of shared meaning held by members that distinguishes the organization from other organizations.*

demonstrates how these characteristics can be mixed to create highly diverse organizations.

Other research has conceptualized culture into four different types based on competing values:³ the collaborative and cohesive *clan*, the innovative and adaptable *adhocracy*, the controlled and consistent *hierarchy*, and the competitive and customer focused *market*. A review of 94 studies found that job attitudes were especially positive in clan-based cultures, innovation was especially strong in market cultures, and financial performance was especially good in market cultures.⁴ Although the competing values framework received some support in this review, the authors noted that further theoretical work needs to ensure it is consistent with the actual cultural values found in organizations.

Culture Is a Descriptive Term

Organizational culture shows how employees perceive the characteristics of an organization's culture, not whether they like them—that is, it's a descriptive term. This is important because it differentiates culture from job satisfaction.

Research on organizational culture has sought to measure how employees see their organization: Does it encourage teamwork? Does it reward innovation? Does it stifle initiative? In contrast, job satisfaction seeks to measure how employees feel about the organization's expectations, reward practices, and the like. Although the two terms have overlapping characteristics, keep in mind that *organizational culture* is descriptive, whereas *job satisfaction* is evaluative.

Do Organizations Have Uniform Cultures?

Organizational culture represents a common perception the organization's members hold. We should therefore expect individuals with different backgrounds or at different levels in the organization to describe its culture in similar terms.⁵

That doesn't mean, however, that there are no subcultures. Most large organizations have a dominant culture and numerous subcultures.⁶ A **dominant culture** expresses the **core values** a majority of members share and that give the organization its distinct personality.⁷ **Subcultures** tend to develop in large organizations to reflect common problems or experiences members face in the same department or location. The purchasing department can have a subculture that includes the core values of the dominant culture plus additional values unique to members of that department.

If organizations were composed only of numerous subcultures, organizational culture as an independent variable would be significantly less powerful. It is the "shared meaning" aspect of culture that makes it such a potent device for guiding and shaping behavior. That's what allows us to say, for example, that the Zappos culture values customer care and dedication over speed and efficiency and to use that information to better understand the behavior of Zappos executives and employees.⁸ But subcultures can influence members' behavior too.

Strong versus Weak Cultures

It's possible to differentiate between strong and weak cultures.⁹ If most employees (responding to management surveys) have the same opinions about the organization's mission and values, the culture is strong; if opinions vary widely, the culture is weak.

In a **strong culture**, the organization's core values are both intensely held and widely shared.¹⁰ The more members who accept the core values and the greater their commitment, the stronger the culture and the greater its influence on member behavior, because the high degree of sharedness and intensity creates a climate of high behavioral control. Nordstrom employees know in no

gLOBalization!

Face Culture, Dignity Culture, and Organizational Culture

As we have discussed throughout the book, *culture* can be represented at either the national or the organizational level. Global organizations need to carefully consider the differences in culture across countries to determine which management practices are likely to be most effective with different populations of employees.

Recently, social psychologists have begun to explore the difference between “face” and “dignity” national cultures. In a face culture, individuals use information from others in order to determine who they are, allowing themselves to be defined by social

opinions. In a dignity culture, on the other hand, individuals are more eager to define themselves based on their own internal judgments and may be more resistant to outside efforts to define them. Although more research is needed to specify which cultures put more emphasis on social face versus personal dignity in self-definition, most has focused on East Asian countries as face cultures and European countries and the United States and Canada as dignity cultures.

What are the implications of these differences? Individuals from face cultures will be more concerned with the implications of hierarchical judgments on

their worth. Thus, organizational cultures in face countries are likely to emphasize roles and titles to give definition to employees and provide them with a secure sense of self. Organizational cultures in dignity countries will be more flexible in providing role definitions, allowing individuals to use self-expression to determine who they are.

Sources: Based on Y. Kim, D. Cohen, and W. Au, “The Jury and Abjuration of My Peers: The Self in Face and Dignity Cultures,” *Journal of Personality and Social Psychology* 98, no. 6 (2010), pp. 904–916; and Y. Liao and M. H. Bond, “The Dynamics of Face Loss Following Interpersonal Harm for Chinese and Americans,” *Journal of Cross-Cultural Psychology* 42, no. 1 (2011), pp. 25–38.

uncertain terms what is expected of them, and these expectations go a long way in shaping their behavior. In contrast, Nordstrom competitor Macy’s, which has struggled through an identity crisis, is working to remake its culture.

A strong culture should reduce employee turnover because it demonstrates high agreement about what the organization represents. Such unanimity of purpose builds cohesiveness, loyalty, and organizational commitment. These qualities, in turn, lessen employees’ propensity to leave.¹¹ One study found that the more employees agreed on customer orientation in a service organization, the higher the profitability of the business unit.¹² Another study found that when team managers and team members disagree about perceptions of organizational support, there were more negative moods among team members, and the performance of teams was lower.¹³ These negative effects are especially strong when managers believe the organization provides more support than employees think it does.

Culture versus Formalization

We’ve seen that high formalization creates predictability, orderliness, and consistency. A strong culture achieves the same end without the need for written documentation.¹⁴ Therefore, we should view formalization and culture as two

dominant culture A culture that expresses the core values that are shared by a majority of the organization’s members.

core values The primary or dominant values that are accepted throughout the organization.

subcultures Minicultures within an organization, typically defined by department designations and geographical separation.

strong culture A culture in which the core values are intensely held and widely shared.

different roads to a common destination. The stronger an organization's culture, the less management need be concerned with developing formal rules and regulations to guide employee behavior. Those guides will be internalized in employees when they accept the organization's culture.

What Do Cultures Do?

- 2** Compare the functional and dysfunctional effects of organizational culture on people and the organization.

Let's review the role culture performs and whether it can ever be a liability for an organization.

Culture's Functions

First, culture has a boundary-defining role: it creates distinctions between one organization and others. Second, it conveys a sense of identity for organization members. Third, culture facilitates commitment to something larger than individual self-interest. Fourth, it enhances the stability of the social system. Culture is the social glue that helps hold the organization together by providing standards for what employees should say and do. Finally, it is a sense-making and control mechanism that guides and shapes employees' attitudes and behavior. This last function is of particular interest to us.¹⁵ Culture defines the rules of the game.

Today's trend toward decentralized organizations makes culture more important than ever, but ironically it also makes establishing a strong culture more difficult. When formal authority and control systems are reduced, culture's *shared meaning* can point everyone in the same direction. However, employees organized in teams may show greater allegiance to their team and its values than to the organization as a whole. In virtual organizations, the lack of frequent face-to-face contact makes establishing a common set of norms very difficult. Strong leadership that communicates frequently about common goals and priorities is especially important in innovative organizations.¹⁶

Individual–organization “fit”—that is, whether the applicant's or employee's attitudes and behavior are compatible with the culture—strongly influences who gets a job offer, a favorable performance review, or a promotion. It's no coincidence that Disney theme park employees appear almost universally attractive, clean, and wholesome with bright smiles. The company selects employees who will maintain that image. On the job, a strong culture supported by formal rules and regulations ensures they will act in a relatively uniform and predictable way.

Culture Creates Climate

If you've worked with someone whose positive attitude inspired you to do your best, or with a lackluster team that drained your motivation, you've experienced the effects of climate. **Organizational climate** refers to the shared perceptions organizational members have about their organization and work environment.¹⁷ This aspect of culture is like team spirit at the organizational level. When everyone has the same general feelings about what's important or how well things are working, the effect of these attitudes will be more than the sum of the individual parts. One meta-analysis found that across dozens of different samples, psychological climate was strongly related to individuals' level of job satisfaction, involvement, commitment, and motivation.¹⁸ A positive overall workplace climate has been linked to higher customer satisfaction and financial performance as well.¹⁹

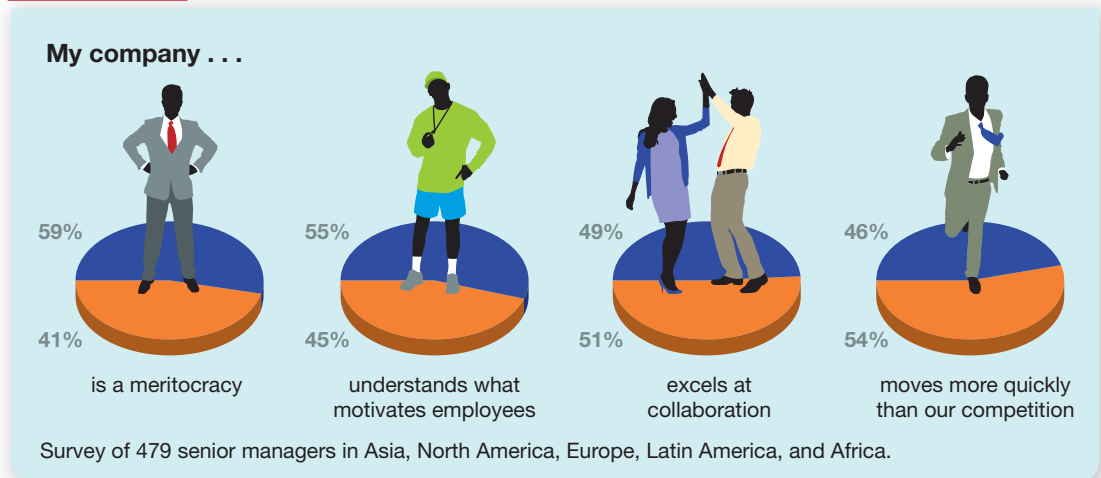


Source: Jonathan Sprague/Redux.

Facebook describes itself as “a cutting-edge technology company, constantly taking on new challenges in the worlds of milliseconds and terabytes.” The vast majority of the company's employees are under 40 and enjoy the excitement of working in a fast-paced environment with considerable change and ambiguity. Facebook encourages employees to interact in a creative climate that encourages experimentation and tolerates conflict and risk. The company fosters a fun-loving, casual, and collegial identity in its employees.

OB Poll

How Leaders See Their Company's Culture



Note: Survey of 479 senior managers in Asia, North America, Europe, Latin America, and Africa.

Source: Based on *Global Firms in 2020* (Economist Intelligence Unit, 2010). Downloaded on July 2, 2011, from www.shrm.org/.

Dozens of dimensions of climate have been studied, including safety, justice, diversity, and customer service.²⁰ A person who encounters a positive climate for performance will think about doing a good job more often and will believe others support his or her success. Someone who encounters a positive climate for diversity will feel more comfortable collaborating with co-workers regardless of their demographic background. Climates can interact with one another to produce behavior. For example, a positive climate for worker empowerment can lead to higher levels of performance in organizations that also have a climate for personal accountability.²¹ Climate also influences the habits people adopt. If the climate for safety is positive, everyone wears safety gear and follows safety procedures even if individually they wouldn't normally think very often about being safe—indeed, many studies have shown that a positive safety climate decreases the number of documented injuries on the job.²²

Culture as a Liability

Culture can enhance organizational commitment and increase the consistency of employee behavior, clearly benefits to an organization. Culture is valuable to employees too, because it spells out how things are done and what's important. But we shouldn't ignore the potentially dysfunctional aspects of culture, especially a strong one, on an organization's effectiveness.

Institutionalization When an organization undergoes **institutionalization** and becomes *institutionalized*—that is, it is valued for itself and not for the goods or services it produces—it takes on a life of its own, apart from its founders or members.²³ It doesn't go out of business even if its original goals are no longer relevant. Acceptable modes of behavior become largely self-evident to members,

organizational climate *The shared perceptions organizational members have about their organization and work environment.*

institutionalization *A condition that occurs when an organization takes on a life of its own, apart from any of its members, and acquires immortality.*

and although this isn't entirely negative, it does mean behaviors and habits that should be questioned and analyzed become taken for granted, which can stifle innovation and make maintaining the organization's culture an end in itself.

Barriers to Change Culture is a liability when the shared values don't agree with those that further the organization's effectiveness. This is most likely when an organization's environment is undergoing rapid change, and its entrenched culture may no longer be appropriate.²⁴ Consistency of behavior, an asset in a stable environment, may then burden the organization and make it difficult to respond to changes.

Barriers to Diversity Hiring new employees who differ from the majority in race, age, gender, disability, or other characteristics creates a paradox:²⁵ management wants to demonstrate support for the differences these employees bring to the workplace, but newcomers who wish to fit in must accept the organization's core cultural values. Because diverse behaviors and unique strengths are likely to diminish as people attempt to assimilate, strong cultures can become liabilities when they effectively eliminate these advantages. A strong culture that condones prejudice, supports bias, or becomes insensitive to people who are different can even undermine formal corporate diversity policies.

Barriers to Acquisitions and Mergers Historically, when management looked at acquisition or merger decisions, the key factors were financial advantage and product synergy. In recent years, cultural compatibility has become the primary

Myth or Science?

“Employees Treat Customers the Same Way the Organization Treats Them”

This statement is true to a significant degree. Two studies using different methods for operationalizing organizational treatment have shown that when employees are treated well, they are likely to treat customers well, but when employees are treated poorly, they treat customers poorly. Thus, a culture that shows positive treatment for employees is likely to create a positive culture for treatment of customers.

The first study collected data from 292 managers, 830 employees, and 1,772 bank customers in Japan. The researchers examined whether companies that provided high-performance work practices like service training, information sharing,

self-management teams, and employee autonomy had a superior climate for customer service and whether this climate for service was related to higher levels of organizational performance. The employee-benefiting practices did indeed lead to higher performance through a better climate for customer service.

The second study looked at “internal service,” the extent to which employees believe their work unit is treated well by the organization as a whole. More than 600 employees of a Caribbean financial services firm described their internal service, and then quality data were collected from nearly 2,000 customers. The results showed that service climate was more posi-

tively related to customer satisfaction when internal service was high, meaning that having a positive climate for service leads to higher levels of customer satisfaction especially when a company provides positive internal service to its employees.

Sources: H. Liao, K. Toya, D. Lepak, and Y. Hong, “Do They See Eye to Eye? Management and Employee Perspectives of High-Performance Work Systems and Influence Processes on Service Quality,” *Journal of Applied Psychology* 94, no. 2 (2009), pp. 371–391; and K. H. Ehrhart, L. A. Witt, B. Schneider, and S. J. Perry, “Service Employees Give as They Get: Internal Service as a Moderator of the Service Climate-Service Outcomes Link,” *Journal of Applied Psychology* 96, no. 2 (2011), pp. 423–431.

concern.²⁶ All things being equal, whether the acquisition actually works seems to have more to do with how well the two organizations' cultures match up.

A survey by consulting firm A. T. Kearney revealed that 58 percent of mergers failed to reach their financial goals.²⁷ As one expert commented, "Mergers have an unusually high failure rate, and it's always because of people issues"—in other words, conflicting organizational cultures. The \$183 billion merger between America Online (AOL) and Time Warner in 2001 was the largest in U.S. corporate history. It was also a disaster. Only 2 years later, the stock had fallen an astounding 90 percent, and the new company reported what was then the largest financial loss in U.S. history. To this day, Time Warner stock—trading around \$32 per share in late 2011—remains at a fraction of its former price (around \$200 per share before the merger). Culture clash is commonly argued to be one of the causes of AOL Time Warner's problems. As one expert noted, "In some ways the merger of AOL and Time Warner was like the marriage of a teenager to a middle-aged banker. The cultures were vastly different. There were open collars and jeans at AOL. Time Warner was more buttoned-down."²⁸

Creating and Sustaining Culture

- 3** Identify the factors that create and sustain an organization's culture.

An organization's culture doesn't pop out of thin air, and once established it rarely fades away. What influences the creation of a culture? What reinforces and sustains it once it's in place?

How a Culture Begins

An organization's current customs, traditions, and general way of doing things are largely due to what it has done before and how successful it was in doing it. This leads us to the ultimate source of an organization's culture: its founders.²⁹ Free of previous customs or ideologies, founders have a vision of what the organization should be, and the firm's small size makes it easy to impose that vision on all members.

Culture creation occurs in three ways.³⁰ First, founders hire and keep only employees who think and feel the same way they do. Second, they indoctrinate and socialize these employees to their way of thinking and feeling. And finally, the founders' own behavior encourages employees to identify with them and internalize their beliefs, values, and assumptions. When the organization succeeds, the founders' personality becomes embedded in the culture.

The fierce, competitive style and disciplined, authoritarian nature of Hyundai, the giant Korean conglomerate, exhibits the same characteristics often used to describe founder Chung Ju-Yung. Other founders with immeasurable impact on their organization's culture include Bill Gates at Microsoft, Ingvar Kamprad at IKEA, Herb Kelleher at Southwest Airlines, Fred Smith at FedEx, and Richard Branson at the Virgin Group.

Keeping a Culture Alive

Once a culture is in place, practices within the organization maintain it by giving employees a set of similar experiences.³¹ The selection process, performance evaluation criteria, training and development activities, and promotion procedures (all discussed in Chapter 17) ensure those hired fit in with the culture, reward those who support it, and penalize (or even expel) those who challenge

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For an interactive application of this topic, check out this chapter's simulation activity at www.mymanagementlab.com.

Source: Brad Swonetz / Redux.



Tony Hsieh, CEO of Zappos.com, is also the architect of the company's culture. Hsieh invited all employees to participate in creating ten core values that define the culture of Zappos and serve as the framework from which all decisions are made. The core values are: deliver WOW through service; embrace and drive change; create fun and a little weirdness; be adventurous, creative, and open minded; pursue growth and learning; build open and honest relationships with communication; build a positive team and family spirit; do more with less; be passionate and determined; and be humble. Hsieh maintains the culture through the company's hiring process and training programs to ensure that employees are committed to the core values.

it. Three forces play a particularly important part in sustaining a culture: selection practices, the actions of top management, and socialization methods. Let's look at each.

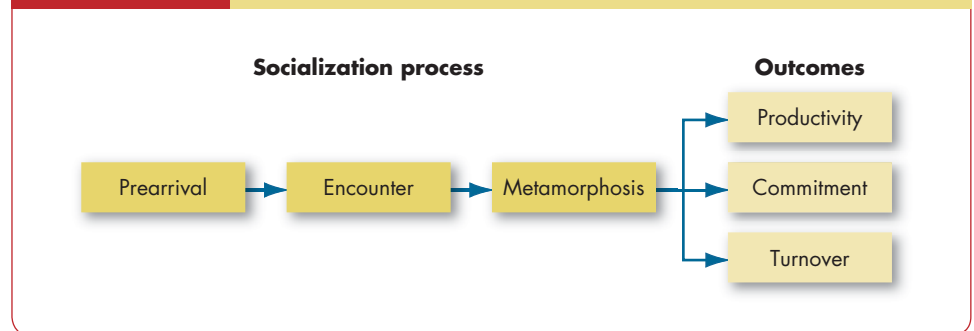
Selection The explicit goal of the selection process is to identify and hire individuals with the knowledge, skills, and abilities to perform successfully. The final decision, because it's significantly influenced by the decision maker's judgment of how well the candidates will fit into the organization, identifies people whose values are essentially consistent with at least a good portion of the organization's.³² Selection also provides information to applicants. Those who perceive a conflict between their values and those of the organization can remove themselves from the applicant pool. Selection thus becomes a two-way street, allowing employer or applicant to avoid a mismatch and sustaining an organization's culture by selecting out those who might attack or undermine its core values.

W. L. Gore & Associates, the maker of Gore-Tex fabric used in outerwear, prides itself on its democratic culture and teamwork. There are no job titles at Gore, nor bosses or chains of command. All work is done in teams. In Gore's selection process, teams of employees put job applicants through extensive interviews to ensure they can deal with the level of uncertainty, flexibility, and teamwork that's normal in Gore plants. Not surprisingly, W. L. Gore appears regularly on *Fortune's* list of "100 Best Companies to Work For" (number 31 in 2011).³³

Top Management The actions of top management also have a major impact on the organization's culture.³⁴ Through words and behavior, senior executives establish norms that filter through the organization about, for instance, whether risk taking is desirable, how much freedom managers give employees, what is appropriate dress, and what actions earn pay raises, promotions, and other rewards.

The culture of supermarket chain Wegmans—which believes driven, happy, and loyal employees are more eager to help one another and provide exemplary customer service—is a direct result of the beliefs of the Wegman family. The chain began in 1930 when brothers John and Walter Wegman opened their first grocery store in Rochester, New York. Its focus on fine foods quickly separated it from other grocers—a focus maintained by the company's employees, many of whom are hired based on their interest in food. In 1950, Walter's son Robert became president and added generous employee benefits such as profit sharing and fully paid medical coverage. Now Robert's son Danny is president, and he has continued the Wegmans tradition of taking care of employees. To date, Wegmans has paid more than \$54 million in college scholarships for its employees, both full-time and part-time. Pay is well above market average, making annual turnover for full-time employees a mere 6 percent, according to the Food Marketing Institute. (The industry average is 24 percent). Wegman's regularly appears on *Fortune's* list as well (number 3 in 2011).

Socialization No matter how good a job the organization does in recruiting and selection, new employees need help adapting to the prevailing culture. That help is **socialization**.³⁵ For example, all Marines must go through boot camp, where they prove their commitment and learn the "Marine way." The consulting firm Booz Allen Hamilton begins its process of bringing new employees onboard even before they start their first day of work. New recruits go to an internal Web portal to learn about the company and engage in some activities that help them understand the culture of the organization. After they start work, they continue to learn about the organization through an ongoing social

Exhibit 16-2 A Socialization Model


networking application that links new workers with more established members of the firm and helps ensure that culture is transmitted over time.³⁶

We can think of socialization as a process with three stages: prearrival, encounter, and metamorphosis.³⁷ This process, shown in Exhibit 16-2, has an impact on the new employee's work productivity, commitment to the organization's objectives, and eventual decision to stay with the organization.

The **prearrival stage** recognizes that each individual arrives with a set of values, attitudes, and expectations about both the work and the organization. One major purpose of a business school, for example, is to socialize business students to the attitudes and behaviors business firms want. Newcomers to high-profile organizations with a strong market position will make their own assumptions about what it must be like to work there.³⁸ Most new recruits will expect Nike to be dynamic and exciting, a prestigious law firm to be high in pressure and rewards, and the Marine Corps to require both discipline and courage. No matter how well managers think they can socialize newcomers, however, the most important predictor of future behavior is past behavior. What people know before they join the organization, and how proactive their personality is, are critical predictors of how well they adjust to a new culture.³⁹

One way to capitalize on prehire characteristics in socialization is to use the selection process to inform prospective employees about the organization as a whole. We've also seen how the selection process ensures the inclusion of the "right type"—those who will fit in. "Indeed, the ability of the individual to present the appropriate face during the selection process determines his ability to move into the organization in the first place. Thus, success depends on the degree to which the aspiring member has correctly anticipated the expectations and desires of those in the organization in charge of selection."⁴⁰

On entry into the organization, the new member enters the **encounter stage** and confronts the possibility that expectations—about the job, co-workers, the boss, and the organization in general—may differ from reality. If expectations were fairly accurate, the encounter stage merely cements earlier perceptions. However, this is often not the case. At the extreme, a new member may become disillusioned enough to resign. Proper recruiting and selection should significantly reduce that outcome, along with encouraging friendship ties in the

socialization A process that adapts employees to the organization's culture.

prearrival stage The period of learning in the socialization process that occurs before a new employee joins the organization.

encounter stage The stage in the socialization process in which a new employee sees what the organization is really like and confronts the possibility that expectations and reality may diverge.

Exhibit 16-3 Entry Socialization Options

Formal vs. Informal The more a new employee is segregated from the ongoing work setting and differentiated in some way to make explicit his or her newcomer's role, the more socialization is formal. Specific orientation and training programs are examples. Informal socialization puts the new employee directly into the job, with little or no special attention.

Individual vs. Collective New members can be socialized individually. This describes how it's done in many professional offices. They can also be grouped together and processed through an identical set of experiences, as in military boot camp.

Fixed vs. Variable This refers to the time schedule in which newcomers make the transition from outsider to insider. A fixed schedule establishes standardized stages of transition. This characterizes rotational training programs. It also includes probationary periods, such as the 8- to 10-year "associate" status used by accounting and law firms before deciding on whether or not a candidate is made a partner. Variable schedules give no advance notice of their transition timetable. Variable schedules describe the typical promotion system, in which one is not advanced to the next stage until one is "ready."

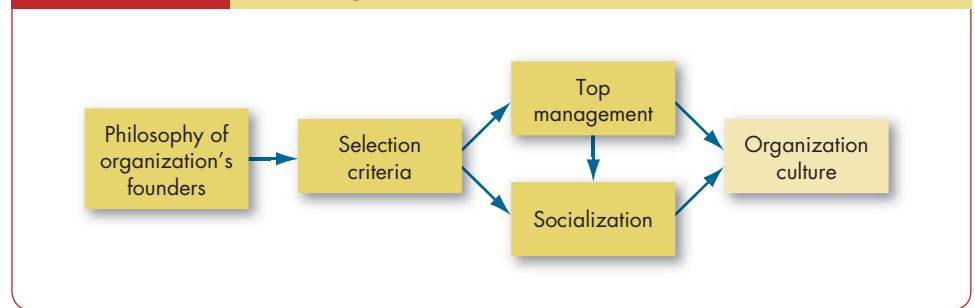
Serial vs. Random Serial socialization is characterized by the use of role models who train and encourage the newcomer. Apprenticeship and mentoring programs are examples. In random socialization, role models are deliberately withheld. New employees are left on their own to figure things out.

Investiture vs. Divestiture Investiture socialization assumes that the newcomer's qualities and qualifications are the necessary ingredients for job success, so these qualities and qualifications are confirmed and supported. Divestiture socialization tries to strip away certain characteristics of the recruit. Fraternity and sorority "pledges" go through divestiture socialization to shape them into the proper role.

organization—newcomers are more committed when friends and co-workers help them "learn the ropes."⁴¹

Finally, to work out any problems discovered during the encounter stage, the new member changes or goes through the **metamorphosis stage**. The options presented in Exhibit 16-3 are alternatives designed to bring about the desired metamorphosis. Most research suggests there are two major "bundles" of socialization practices. The more management relies on formal, collective, sequential, fixed, and serial socialization programs and emphasize divestiture, the more likely newcomers' differences will be stripped away and replaced by standardized predictable behaviors. These *institutional* practices are common in police departments, fire departments, and other organizations that value rule following and order. Programs that are informal, individual, random, variable, and disjunctive and emphasize investiture are more likely to give newcomers an innovative sense of their role and methods of working. Creative fields, such as research and development, advertising, and filmmaking, rely on these *individual* practices. Most research suggests high levels of institutional practices encourage person–organization fit and high levels of commitment, whereas individual practices produce more role innovation.⁴²

The three-part entry socialization process is complete when new members have internalized and accepted the norms of the organization and their work group, are confident in their competence, and feel trusted and valued by their peers. They understand the system—not only their own tasks but the rules, procedures, and informally accepted practices as well. Finally, they know what is expected of them and what criteria will be used to measure and evaluate their work. As Exhibit 16-2 showed, successful metamorphosis should have a positive impact on new employees' productivity and their commitment to the organization and reduce their propensity to leave the organization.

Exhibit 16-4 How Organization Cultures Form

Researchers have begun to examine how employee attitudes change during socialization by measuring at several points over the first few months. One study has documented patterns of “honeymoons” and “hangovers” for new workers, showing that the period of initial adjustment is often marked by decreases in job satisfaction as their idealized hopes come into contact with the reality of organizational life.⁴³ Other research suggests that role conflict and role overload for newcomers rise over time, and that workers with the largest increases in these role problems experience the largest decreases in commitment and satisfaction.⁴⁴ It may be that the initial adjustment period for newcomers presents increasing demands and difficulties, at least in the short term.

Summary: How Cultures Form

Exhibit 16-4 summarizes how an organization’s culture is established and sustained. The original culture derives from the founder’s philosophy and strongly influences hiring criteria as the firm grows. Top managers’ actions set the general climate, including what is acceptable behavior and what is not. The way employees are socialized will depend both on the degree of success achieved in matching new employees’ values to those of the organization in the selection process, and on top management’s preference for socialization methods.

How Employees Learn Culture

- 4** Show how culture is transmitted to employees.

Culture is transmitted to employees in a number of forms, the most potent being stories, rituals, material symbols, and language.

Stories

When Henry Ford II was chairman of Ford Motor Company, you would have been hard pressed to find a manager who hadn’t heard how he reminded his executives, when they got too arrogant, “It’s my name that’s on the building.” The message was clear: Henry Ford II ran the company.

metamorphosis stage *The stage in the socialization process in which a new employee changes and adjusts to the job, work group, and organization.*

A number of senior Nike executives spend much of their time serving as corporate storytellers.⁴⁵ When they tell how co-founder (and Oregon track coach) Bill Bowerman went to his workshop and poured rubber into his wife's waffle iron to create a better running shoe, they're talking about Nike's spirit of innovation. When new hires hear tales of Oregon running star Steve Prefontaine's battles to make running a professional sport and attain better performance equipment, they learn of Nike's commitment to helping athletes.

Stories such as these circulate through many organizations, anchoring the present in the past and legitimating current practices. They typically include narratives about the organization's founders, rule breaking, rags-to-riches successes, reductions in the workforce, relocation of employees, reactions to past mistakes, and organizational coping.⁴⁶ Employees also create their own narratives about how they came to either fit or not fit with the organization during the process of socialization, including first days on the job, early interactions with others, and first impressions of organizational life.⁴⁷

Rituals

Rituals are repetitive sequences of activities that express and reinforce the key values of the organization—what goals are most important and which people are important and which are expendable.⁴⁸ One of the best known rituals is Walmart's company chant. Begun by the company's founder, the late Sam Walton, as a way to motivate and unite his workforce, "Gimme a W, gimme an A, gimme an L, gimme a squiggle, give me an M, A, R, T!" has become a ritual that bonds workers and reinforces Walton's belief in the contribution his employees made to the company's success. Similar corporate chants are used by IBM, Ericsson, Novell, Deutsche Bank, and PricewaterhouseCoopers.⁴⁹

Material Symbols

Alcoa headquarters doesn't look like your typical head-office operation. There are few individual offices, even for senior executives. The space is essentially made up of cubicles, common areas, and meeting rooms. This informality conveys to employees that Alcoa values openness, equality, creativity, and flexibility. Some corporations provide their top executives with chauffeur-driven limousines and a corporate jet. Other CEOs drive the company car themselves and travel in the economy section.

The layout of corporate headquarters, the types of automobiles top executives are given, and the presence or absence of corporate aircraft are a few examples of **material symbols**. Others include the size of offices, the elegance of furnishings, executive perks, and attire.⁵⁰ These convey to employees who is important, the degree of egalitarianism top management desires, and the kinds of behavior that are appropriate, such as risk taking, conservative, authoritarian, participative, individualistic, or social.

Language

Many organizations and subunits within them use language to help members identify with the culture, attest to their acceptance of it, and help preserve it. Unique terms describe equipment, officers, key individuals, suppliers, customers, or products that relate to the business. New employees may at first be overwhelmed by acronyms and jargon, that, once assimilated, act as a common denominator to unite members of a given culture or subculture.

At Sermo, it's okay for employees to bring their dogs to work and to include them in company meetings, as shown in this photo. Sermo is an online community for physicians where they can collaborate and improve patient care. Sermo's culture derives from the company's founder and CEO Dr. Daniel Palestrant, who wants employees to love coming to work, to be comfortable, to have fun, and to just be themselves in a space that suits them. Sermo's informal work environment and open office plan conveys to employees that the company values openness, individuality, creativity, and flexibility.



Source: Melanie Stetson Freeman/CSM/Newscom.

Creating an Ethical Organizational Culture

5 Demonstrate how an ethical culture can be created.

The organizational culture most likely to shape high ethical standards among its members is high in risk tolerance, low to moderate in aggressiveness, and focused on means as well as outcomes.⁵¹ This type of culture takes a long-term perspective and balances the rights of multiple stakeholders, including employees, stockholders, and the community. Managers are supported for taking risks and innovating, discouraged from engaging in unbridled competition, and guided to heed not just to *what* goals are achieved but also *how*.

If the culture is strong and supports high ethical standards, it should have a very powerful and positive influence on employee behavior. Examples of organizations that have failed to establish proper codes of ethical conduct can be found in the media nearly every day. Some actively deceive customers or clients. Others produce products that harm consumers or the environment, or they harass or discriminate against certain groups of employees. Others are more subtle and cover up or fail to report wrongdoing. The negative consequences of a systematic culture of unethical behavior can be severe and include customer boycotts, fines, lawsuits, and government regulation of an organization's practices.

rituals *Repetitive sequences of activities that express and reinforce the key values of the organization, which goals are most important, which people are important, and which are expendable.*

material symbols *What conveys to employees who is important, the degree of egalitarianism top management desires, and the kinds of behavior that are appropriate.*

What can managers do to create a more ethical culture? They can adhere to the following principles:⁵²

- **Be a visible role model.** Employees will look to the actions of top management as a benchmark for appropriate behavior. Send a positive message.
- **Communicate ethical expectations.** Minimize ethical ambiguities by sharing an organizational code of ethics that states the organization's primary values and ethical rules employees must follow.
- **Provide ethical training.** Set up seminars, workshops, and training programs to reinforce the organization's standards of conduct, clarify what practices are permissible, and address potential ethical dilemmas.
- **Visibly reward ethical acts and punish unethical ones.** Appraise managers on how their decisions measure up against the organization's code of ethics. Review the means as well as the ends. Visibly reward those who act ethically and conspicuously punish those who don't.
- **Provide protective mechanisms.** Provide formal mechanisms so employees can discuss ethical dilemmas and report unethical behavior without fear of reprimand. These might include ethical counselors, ombudsmen, or ethical officers.

The work of setting a positive ethical climate has to start at the top of the organization.⁵³ A study of 195 managers demonstrated that when top management emphasizes strong ethical values, supervisors are more likely to practice ethical leadership. Positive ethical attitudes transfer down to line employees, who show lower levels of deviant behavior and higher levels of cooperation and assistance. A study involving auditors found perceived pressure from organizational leaders to behave unethically was associated with increased intentions to engage in unethical practices.⁵⁴ Clearly the wrong type of organizational

An Ethical Choice

Designing a Culture of Ethical Voice

Much research has emphasized how organizations establish ethical principles that employees are supposed to follow. More recent work examines how organizations can harness employees' inherent sense of right and wrong, so employees will speak up when they feel organizational actions are inconsistent with their own ethical principles.

Saying organizations should establish a culture for ethical behavior is easy enough, but developing a culture where employees feel empowered to speak up is considerably trickier. Here are a few suggestions:

1. Overcome the silence. Employees who know something is wrong may still fail to speak up because they fear reprisals. Both official and unofficial measures must encourage people to bring ethical lapses to the attention of upper management and reward them for doing so.
2. Encourage employees to continually investigate whether their behavior is consistent with organizational values. Many ethical lapses are not so much dishonest or malicious acts but failure to even recognize the moral issue at stake.
3. Develop formal roles for ethical compliance officers, who provide

oversight and training to ensure employees are aware of the company's core values and can discuss ethical behavior in practice.

Sources: M. Kaptein, "Ethics Programs and Ethical Culture: A Next Step in Unraveling Their Multi-Faceted Relationship," *Journal of Business Ethics* 89, no. 2 (2009), pp. 261–281; P. Verhezen, "Giving Voice in a Culture of Silence. From a Culture of Compliance to a Culture of Integrity," *Journal of Business Ethics* 96, no. 2 (2010), pp. 187–206; and M. Kaptein, "From Inaction to External Whistleblowing: The Influence of Ethical Culture of Organizations on Employee Responses to Observed Wrongdoing," *Journal of Business Ethics* 98, no. 3 (2011), pp. 513–530.

culture can negatively influence employee ethical behavior. Finally, employees whose ethical values are similar to those of their department are more likely to be promoted, so we can think of ethical culture as flowing from the bottom up as well.⁵⁵

Creating a Positive Organizational Culture

6 Describe a positive organizational culture.

At first blush, creating a positive culture may sound hopelessly naïve or like a Dilbert-style conspiracy. The one thing that makes us believe this trend is here to stay, however, are signs that management practice and OB research are converging.

A **positive organizational culture** emphasizes building on employee strengths, rewards more than it punishes, and emphasizes individual vitality and growth.⁵⁶ Let's consider each of these areas.

Building on Employee Strengths Although a positive organizational culture does not ignore problems, it does emphasize showing workers how they can capitalize on their strengths. As management guru Peter Drucker said, “Most Americans do not know what their strengths are. When you ask them, they look at you with a blank stare, or they respond in terms of subject knowledge, which is the wrong answer.” Wouldn't it be better to be in an organizational culture that helped you discover your strengths and learn how to make the most of them?

Larry Hammond used this approach when you'd least expect it: during his firm's darkest days. Hammond is CEO of Auglaize Provico, an agribusiness company based in Ohio. In the midst of the firm's worst financial struggles, when it had to lay off one-quarter of its workforce, Hammond decided to try a different approach. Rather than dwell on what was wrong, he took advantage of what was right. “If you really want to [excel], you have to know yourself—you have to know what you're good at, and you have to know what you're not so good at,” says Hammond. With the help of Gallup consultant Barry Conchie, Hammond focused on discovering and using employee strengths and helped the company turn itself around. “You ask Larry [Hammond] what the difference is, and he'll say that it's individuals using their natural talents,” says Conchie.⁵⁷

Rewarding More Than Punishing Although most organizations are sufficiently focused on extrinsic rewards such as pay and promotions, they often forget about the power of smaller (and cheaper) rewards such as praise. Part of creating a positive organizational culture is “catching employees doing something right.” Many managers withhold praise because they're afraid employees will coast or because they think praise is not valued. Employees generally don't ask for praise, and managers usually don't realize the costs of failing to give it.

positive organizational culture A culture that emphasizes building on employee strengths, rewards more than punishes, and emphasizes individual vitality and growth.

Employees of Pricewaterhouse Coopers work within a positive organizational culture that emphasizes individuals' vitality and growth. One of the largest global accounting firms, PwC offers employees professional and individual learning opportunities on the job, at clients' workplaces, and in formal training programs. PwC's Learning and Education Group provides access to the latest information on industry standards and best practices, and offers classes to help employees develop their technical skills. Company coaches and mentors guide employees in designing a personalized career path. The PwC team, shown here, counts the Oscars ballots for the Academy of Motion Picture Arts and Sciences, a company client for more than 75 years.



Source: Reed Saxon/AP Images.

Consider Elżbieta Górka-Kolodziejczyk, a plant manager for International Paper's facility in Kwidzyn, Poland. Employees work in a bleak windowless basement. Staffing is roughly one-third its prior level, while production has tripled. These challenges had done in the previous three managers. So when Górka-Kolodziejczyk took over, although she had many ideas about transforming the organization, at the top were recognition and praise. She initially found it difficult to give praise to those who weren't used to it, especially men. "They were like cement at the beginning," she said. "Like cement." Over time, however, she found they valued and even reciprocated praise. One day a department supervisor pulled her over to tell her she was doing a good job. "This I do remember, yes," she said.⁵⁸

Emphasizing Vitality and Growth No organization will get the best from employees who see themselves as mere cogs in the machine. A positive culture recognizes the difference between a job and a career. It supports not only what the employee contributes to organizational effectiveness but also how the organization can make the employee more effective—personally and professionally.

Although it may take more creativity to encourage employee growth in some types of industries, consider the food industry. At Masterfoods in Belgium, Philippe Lescornez leads a team of employees including Didier Brynaert, who works in Luxembourg, nearly 150 miles away. Brynaert was considered a good sales promoter who was meeting expectations when Lescornez decided Brynaert's job could be made more important if he were seen less as just another sales promoter and more as an expert on the unique features of the Luxembourg market. So Lescornez asked Brynaert for information he could share with the home office. He hoped that by raising Brynaert's profile in Brussels, he could create in him a greater sense of ownership for his remote sales territory. "I started to communicate much more what he did to other people [within the company], because there's quite some distance between the Brussels office and the section he's working in. So I started to communicate, communicate, communicate. The more I communicated, the more he started to provide material," says Lescornez. As a result, "Now he's recognized as the

specialist for Luxembourg—the guy who is able to build a strong relationship with the Luxembourg clients,” says Lescornez. What’s good for Brynaert is, of course, also good for Lescornez, who gets credit for helping Brynaert grow and develop.⁵⁹

Limits of Positive Culture Is a positive culture a cure-all? Though companies such as GE, Xerox, Boeing, and 3M have embraced aspects of a positive organizational culture, it is a new enough idea for us to be uncertain about how and when it works best.

Not all cultures value being positive as much as U.S. culture does, and, even within U.S. culture, there surely are limits to how far we should go to preserve a positive culture. For example, Admiral, a British insurance company, has established a Ministry of Fun in its call centers to organize poem writings, foosball, conker (a British game involving chestnuts), and fancy-dress days. When does the pursuit of a positive culture start to seem coercive or even Orwellian? As one critic notes, “Promoting a social orthodoxy of positiveness focuses on a particular constellation of desirable states and traits but, in so doing, can stigmatize those who fail to fit the template.”⁶⁰ There may be benefits to establishing a positive culture, but an organization also needs to be objective and not pursue it past the point of effectiveness.

Spirituality and Organizational Culture

What do Southwest Airlines, Hewlett-Packard, Ford, The Men’s Wearhouse, Tyson Foods, Wetherill Associates, and Tom’s of Maine have in common? They’re among a growing number of organizations that have embraced workplace spirituality.

What Is Spirituality?

Workplace spirituality is *not* about organized religious practices. It’s not about God or theology. **Workplace spirituality** recognizes that people have an inner life that nourishes and is nourished by meaningful work in the context of community.⁶¹ Organizations that promote a spiritual culture recognize that people seek to find meaning and purpose in their work and desire to connect with other human beings as part of a community. Many of the topics we have discussed—ranging from job design (designing work that is meaningful to employees) to transformational leadership (leadership practices that emphasize a higher-order purpose and self-transcendent goals) are well matched to the concept of organizational spirituality. When a company emphasizes its commitment to paying Third World suppliers a fair (above-market) price for their coffee to facilitate community development—as did Starbucks—or encourages employees to share prayers or inspirational messages through e-mail—as did Interstate Batteries—it is encouraging a more spiritual culture.⁶²

workplace spirituality *The recognition that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community.*

Steve Baxter, a Target Corporation employee, tries to comfort a child while serving as a volunteer for Project Homeless Connect, a community program that provides housing, dental, medical, employment, child care, and other services for homeless people and others in need. Baxter and other Target employees are inspired by a strong sense of purpose in showing kindness to, promoting the happiness of, and serving customers, fellow workers, and people in the community. Employees experience the joy and satisfaction that comes from helping others by volunteering in social services programs that feed the hungry, prevent family violence, give shelter to the homeless, and provide disaster relief.



Source: m42ZUMA Press/News.com.

Why Spirituality Now?

As we noted in our discussion of emotions in Chapter 4, the myth of rationality assumed the well-run organization eliminated feelings. Concern about an employee's inner life had no role in the perfectly rational model. But just as we've now come to realize that the study of emotions improves our understanding of organizational behavior, an awareness of spirituality can help us better understand employee behavior in the twenty-first century.

Of course, employees have always had an inner life. So why has the search for meaning and purposefulness in work surfaced now? We summarize the reasons in Exhibit 16-5.

Characteristics of a Spiritual Organization

The concept of workplace spirituality draws on our previous discussions of values, ethics, motivation, and leadership. What differentiates spiritual organizations from their nonspiritual counterparts? Although research remains

Exhibit 16-5 Reasons for the Growing Interest in Spirituality

- Spirituality can counterbalance the pressures and stress of a turbulent pace of life. Contemporary lifestyles—single-parent families, geographic mobility, the temporary nature of jobs, new technologies that create distance between people—underscore the lack of community many people feel and increase the need for involvement and connection.
- Formalized religion hasn't worked for many people, and they continue to look for anchors to replace lack of faith and to fill a growing feeling of emptiness.
- Job demands have made the workplace dominant in many people's lives, yet they continue to question the meaning of work.
- People want to integrate personal life values with their professional life.
- An increasing number of people are finding that the pursuit of more material acquisitions leaves them unfulfilled.

preliminary, several cultural characteristics tend to be evident in spiritual organizations:⁶³

- **Benevolence.** Spiritual organizations value showing kindness toward others and promoting the happiness of employees and other organizational stakeholders.
- **Strong sense of purpose.** Spiritual organizations build their cultures around a meaningful purpose. Although profits may be important, they're not the primary value of the organization.
- **Trust and respect.** Spiritual organizations are characterized by mutual trust, honesty, and openness. Employees are treated with esteem and value, consistent with the dignity of each individual.
- **Open-mindedness.** Spiritual organizations value flexible thinking and creativity among employees.



SELF-ASSESSMENT LIBRARY

How Spiritual Am I?

In the Self-Assessment Library (available on CD and online), take assessment IV.A.4 (How Spiritual Am I?). Note: People's scores on this measure vary from time to time, so take that into account when interpreting the results.

Achieving a Spiritual Organization

Many organizations have grown interested in spirituality but have had difficulty putting its principles into practice. Several types of practices can facilitate a spiritual workplace,⁶⁴ including those that support work–life balance. Leaders can demonstrate values, attitudes, and behaviors that trigger intrinsic motivation and a sense of calling through work. Encouraging employees to consider how their work provides a sense of purpose through community building also can help achieve a spiritual workplace; often this is achieved through group counseling and organizational development, a topic we take up in Chapter 18.

Criticisms of Spirituality

Critics of the spirituality movement in organizations have focused on three issues. First is the question of scientific foundation. What really is workplace spirituality? Is it just a new management buzzword? Second, are spiritual organizations legitimate? Specifically, do organizations have the right to impose spiritual values on their employees? Third is the question of economics: are spirituality and profits compatible?

First, as you might imagine, there is comparatively little research on workplace spirituality. We don't know whether the concept will have staying power. Do the cultural characteristics we just identified really separate spiritual organizations? Spirituality has been defined so broadly in some sources that practices from job rotation to corporate retreats at meditation centers have been identified as spiritual. Questions need to be answered before the concept gains full credibility.

On the second point, an emphasis on spirituality can clearly make some employees uneasy. Critics have argued that secular institutions, especially business firms, have no business imposing spiritual values on employees.⁶⁵ This criticism is undoubtedly valid when spirituality is defined as bringing religion and God into the workplace. However, it seems less stinging when the goal is limited to helping employees find meaning and purpose in their work lives. If the concerns listed in Exhibit 16-5 truly characterize a large segment of the workforce, then perhaps organizations can do so.

- 7 Identify characteristics of a spiritual culture.

Finally, whether spirituality and profits are compatible objectives is certainly relevant for managers and investors in business. The evidence, although limited, indicates they are. Organizations that provided their employees with opportunities for spiritual development have outperformed those that didn't.⁶⁶ Other studies a report that spirituality in organizations was positively related to creativity, employee satisfaction, job involvement, and organizational commitment.⁶⁷

Global Implications

8 Show how national culture may affect the way organizational culture is transported to a different country.

We considered global cultural values (collectivism–individualism, power distance, and so on) in Chapter 5. Here our focus is a bit narrower: how is organizational culture affected by a global context? Organizational culture is so powerful it often transcends national boundaries. But that doesn't mean organizations should, or could, ignore local culture.

Organizational cultures often reflect national culture. The culture at AirAsia, a Malaysian-based airline, emphasizes informal dress so as not to create status differences. The carrier has lots of parties, participative management, and no private offices, reflecting Malaysia's relatively collectivistic culture. The culture of US Airways does not reflect the same degree of informality. If US Airways were to set up operations in Malaysia or merge with AirAsia, it would need to take these cultural differences into account.

One of the primary things U.S. managers can do is to be culturally sensitive. The United States is a dominant force in business and in culture—and with that influence comes a reputation. “We are broadly seen throughout the world as arrogant people, totally self-absorbed and loud,” says one U.S. executive. Companies such as American Airlines, Lowe's, Novell, ExxonMobil, and Microsoft have implemented training programs to sensitize their managers to cultural differences. Some ways in which U.S. managers can be culturally sensitive include talking in a low tone of voice, speaking slowly, listening more, and avoiding discussions of religion and politics.

The management of ethical behavior is one area where national culture can rub up against corporate culture.⁶⁸ U.S. managers endorse the supremacy of anonymous market forces and implicitly or explicitly view profit maximization as a moral obligation for business organizations. This worldview sees bribery, nepotism, and favoring personal contacts as highly unethical. Any action that deviates from profit maximization may indicate that inappropriate or corrupt behavior may be occurring. In contrast, managers in developing economies are more likely to see ethical decisions as embedded in a social environment. That means doing special favors for family and friends is not only appropriate but possibly even an ethical responsibility. Managers in many nations also view capitalism skeptically and believe the interests of workers should be put on a par with the interests of shareholders.

U.S. employees are not the only ones who need to be culturally sensitive. Three times a week, employees at the Canadian unit of Japanese videogame maker Koei begin the day by standing next to their desks, facing their boss, and saying “Good morning” in unison. Employees then deliver short speeches on topics that range from corporate principles to 3D game engines. Koei also has employees punch a time clock and asks women to serve tea to top executive guests. Although these practices are consistent with Koei's culture, they do not fit Canadian culture very well. “It's kind of like school,” says one Canadian employee.⁶⁹

MyManagementLab

Now that you have finished this chapter, go back to www.mymanagementlab.com to continue practicing and applying the concepts you've learned.

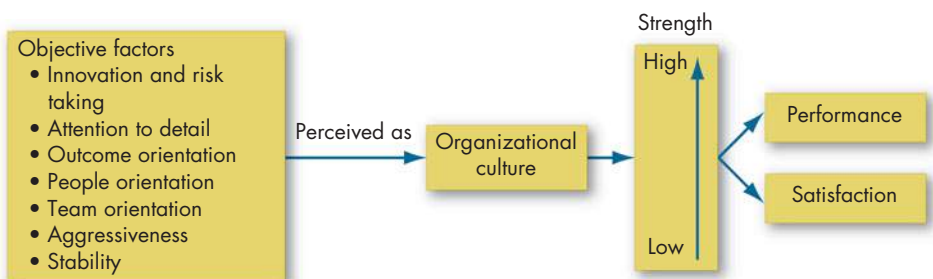
Summary and Implications for Managers

Exhibit 16-6 depicts organizational culture as an intervening variable. Employees form an overall subjective perception of the organization based on factors such as degree of risk tolerance, team emphasis, and support of people. This overall perception becomes, in effect, the organization's culture or personality and affects employee performance and satisfaction, with stronger cultures having greater impact.

- Just as people's personalities tend to be stable over time, so too do strong cultures. This makes a strong culture difficult for managers to change if it becomes mismatched to its environment. Changing an organization's culture is a long and difficult process. Thus, at least in the short term, managers should treat their organization's culture as relatively fixed.
- One of the most important managerial implications of organizational culture relates to selection decisions. Hiring individuals whose values don't align with those of the organization is likely to yield employees who lack motivation and commitment and are dissatisfied with their jobs and the organization.⁷⁰ Not surprisingly, "misfits" have considerably higher turnover rates.
- An employee's performance also depends to a considerable degree on knowing what to do and not do. Understanding the right way to do a job indicates proper socialization.
- As a manager, you can shape the culture of your work environment, sometimes as much as it shapes you. All managers can especially do their part to create an ethical culture and to consider spirituality and its role in creating a positive organizational culture.

Exhibit 16-6

How Organizational Cultures Have an Impact on Employee Performance and Satisfaction



Organizations Should Strive to Create a Positive Organizational Culture

POINT

Organizations should do everything they can to establish a positive culture, because it works. Scores of recent studies have shown that individuals who are in positive states of mind at work and in life lead happier, more productive, and more fulfilling lives. Given the accumulating evidence, researchers are now studying ways to make that happen.

In a recent *Harvard Business Review* article, Wharton faculty member Adam Grant discusses an interesting concept: *outsourcing inspiration*. What does he mean by that? Grant writes: “A growing body of research shows that end users—customers, clients, patients, and others who benefit from a company’s products and services—are surprisingly effective in motivating people to work harder, smarter, and more productively.”

Some tangible examples of how this can work:

- Northwestern University’s “buddy program” introduces Alzheimer’s patients to scientists working to develop treatments for the disease.
- At a Merrill Lynch branch, weekly team meetings begin with stories about how the team has made a difference in customers’ lives.
- “All Medtronic employees have a ‘defining moment’ in which they come face-to-face with a patient whose story deeply touches them,” writes former CEO Bill George.
- At Wells Fargo, managers show bankers videos of people describing how low-interest loans rescued them from severe debt—a vivid reminder to the bankers that they are striving to serve their customers, not their managers.

Of course, there are other ways of creating a positive organizational culture, including building on strengths and rewarding more than punishing.

Creating a positive organizational culture is not magic, but it tends to have extremely positive benefits for organizations which embrace it. *Outsourcing inspiration* is a great way for employees to feel appreciated, to experience empathy, and to see the impact of their work—all motivating outcomes that will lead organizations to be more effective and individuals more fulfilled in their work.

Sources: B. Azar, “Positive Psychology Advances, with Growing Pains,” *Monitor on Psychology* (April 2011), pp. 32–36; A. Grant, “How Customers Can Rally Your Troops,” *Harvard Business Review* (June 2011), downloaded on July 12, 2011, from <http://hbr.org/>; and J. McCarthy, “5 Big Problems with Positive Thinking (And Why You Should Do It Anyway),” *Positive Psychology* (October 2010), downloaded on July 10, 2011, from <http://psychologyofwellbeing.com/>.

COUNTERPOINT

There are many unanswered questions about the merits of using positive organizational scholarship to build positive organizational cultures. Let’s focus on three.

What is a positive culture? The employment relationship can be amicable and even mutually beneficial. However, glossing over natural differences in interests with the frosting of positive culture is intellectually dishonest and potentially harmful. From time to time, any organization needs to undertake unpopular actions. Can anyone terminate an employee positively (and honestly), or explain to someone why others received a raise? There’s a danger in trying to sugarcoat. Positive relationships will develop—or not—on their own. We’d be better off preaching that people, and organizational cultures, should be honest and fair, rather than unabashedly positive.

Is practice ahead of science? Before we start beseeching organizations to build positive cultures, we should make sure these interventions work as we think they do. Many have unintended consequences, and we simply don’t have enough research to support the claims put forth. As one reviewer noted, “Everyone wants to believe they could have greater control over their lives by simply changing the way they think. Research that supports this idea gets promoted loudly and widely.” But it’s not based on a mountain of evidence.

Is building a positive culture manipulative? Psychologist Lisa Aspinwall writes of “saccharine terrorism,” where employees are coerced into positive mindsets by Happiness Coaches. You may think this an exaggeration, but companies like UBS, American Express, KPMG, FedEx, Adobe, and IBM use Happiness Coaches to do exactly that. As one critic noted, “Encouraging people to maintain a happy outlook in the face of less-than-ideal conditions is a good way of keeping citizens under control in spite of severe societal problems, or keeping employees productive while keeping pay and benefits low.”

QUESTIONS FOR REVIEW

- 1 What is organizational culture, and what are its common characteristics?
- 2 What are the functional and dysfunctional effects of organizational culture?
- 3 What factors create and sustain an organization's culture?
- 4 How is culture transmitted to employees?
- 5 How can an ethical culture be created?
- 6 What is a positive organizational culture?
- 7 What are the characteristics of a spiritual culture?
- 8 How does national culture affect how organizational culture is transported to a different country?

EXPERIENTIAL EXERCISE Rate Your Classroom Culture

Listed here are 14 statements. Using the 5-item scale (from strongly agree to strongly disagree), respond to each statement by circling the number that best represents your opinion.

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
1. I feel comfortable challenging statements made by my instructor.	1	2	3	4	5
2. My instructor heavily penalizes assignments that are not turned in on time.	1	2	3	4	5
3. My instructor believes that "It's final results that count."	1	2	3	4	5
4. My instructor is sensitive to my personal needs and problems.	1	2	3	4	5
5. A large portion of my grade depends on how well I work with others in the class.	1	2	3	4	5
6. I often feel nervous and tense when I come to class.	1	2	3	4	5
7. My instructor seems to prefer stability over change.	1	2	3	4	5
8. My instructor encourages me to develop new and different ideas.	1	2	3	4	5
9. My instructor has little tolerance for sloppy thinking.	1	2	3	4	5
10. My instructor is more concerned with how I came to a conclusion than with the conclusion itself.	1	2	3	4	5
11. My instructor treats all students alike.	1	2	3	4	5
12. My instructor frowns on class members helping each other with assignments.	1	2	3	4	5
13. Aggressive and competitive people have a distinct advantage in this class.	1	2	3	4	5
14. My instructor encourages me to see the world differently.	1	2	3	4	5

Calculate your total score by adding up the numbers you circled. Your score will fall between 14 and 70.

A high score (49 or above) describes an open, risk-taking, supportive, humanistic, team-oriented, easygoing, growth-oriented culture. A low score (35 or below) describes a closed, structured, task-oriented, individualistic, tense, and stability-oriented culture. Note that differences count, so a score of 60 is a more open culture than one

that scores 50. Also, realize that one culture isn't preferable over another. The "right" culture depends on you and your preferences for a learning environment.

Form teams of five to seven members each. Compare your scores. How closely do they align? Discuss and resolve any discrepancies. Based on your team's analysis, what type of student do you think would perform best in this class?

ETHICAL DILEMMA A Bankrupt Culture

Like many newspapers, the *Chicago Tribune* is in trouble. The 165-year-old paper was bought by real estate mogul Sam Zell in 2007, who promptly filed for bankruptcy. That didn't surprise experts. What Zell did next did.

Zell hired Randy Michaels as the Tribune Company's CEO. Soon after Michaels arrived, he launched an attack on the Tribune's culture. In an informal meeting with a group of fellow Tribune executives, Michaels said, "Watch this" and offered the waitress \$100 to show her breasts. The group was dumbfounded.

But Michaels hardly stopped there.

Michaels was fond of a culture that included "sexual innuendo, poisonous workplace banter, and profane invective." One press release announced the hiring of Kim Johnson, who, it was said, was "a former waitress at 'Knockers—The Place for Hot Racks and Cold Brews.'" Another executive reporting to Michaels sent links to raunchy Web sites in e-mail messages. Michaels was heard loudly discussing with other executives he had brought with him the "sexual suitability of various employees."

When some complained about the change in the culture, Michaels rewrote the employee handbook. "Working at Tribune means accepting that you might hear a word that you, personally, might not use," the new manual

stated. "You might experience an attitude you don't share. You might hear a joke that you don't consider funny. That is because a loose, fun, nonlinear atmosphere is important to the creative process." It then concluded, "This should be understood, should not be a surprise, and not considered harassment."

Eventually Michaels was forced out, but the damage had been done. The Tribune continues to operate in bankruptcy and more than 5,000 employees have lost their jobs. In retrospect, Zell has called his purchase "the deal from hell." It appears he appointed a CEO to match the deal.

Questions

1. What does this story tell you about the effect of top management on organizational culture?
2. Denise Brown, a former member of the Tribune's management, said, "If you spoke up, you were portrayed as a sissy." How would you have reacted if you witnessed some of these behaviors?
3. How can you determine when a line has been crossed between a fun and informal culture, and one that is offensive and inappropriate?

Sources: D. Carr, "At Debt-Ridden Tribune, a Culture Run Amok," *The New York Times* (October 6, 2010), pp. A1, A22; M. ONeal and P. Rosenthal, "Tribune Co. CEO Randy Michaels Resigns Amid Accusations of Crass Behavior," *Chicago Tribune* (October 22, 2010), downloaded July 12, 2011, from <http://articles.chicagotribune.com/>; and P. Whoriskey, "Former Tribune, Times Mirror Executives, Editors Sue Shareholders," *Washington Post* (June 2, 2011), downloaded on July 11, 2011, from www.washingtonpost.com/.

CASE INCIDENT 1 Mergers Don't Always Lead to Culture Clashes

A lot of mergers lead to culture clashes and, ultimately, failure. So in 2005 when banking giant Bank of America (BOA) announced its \$35 billion acquisition of credit card giant MBNA, many thought that in a few years this merger would join the heap of those done in by cultural differences.

MBNA's culture was characterized by a free-wheeling, entrepreneurial spirit that was also quite secretive. MBNA employees also were accustomed to the high life. Their corporate headquarters in Wilmington, Delaware, could be described as lavish, and employees throughout the company enjoyed high salaries and generous perks—from

the private golf course at its headquarters to its fleet of corporate jets and private yachts.

Bank of America, in contrast, grew by thrift. It was a low-cost, no-nonsense operation. Unlike MBNA, it believed that size and smarts were more important than speed. It was an acquisition machine that some likened to *Star Trek's* relentless Borg collective.

In short, the cultures in the two companies were very, very different.

Although these cultural differences seemed a recipe for disaster, it appears, judging from the reactions of BOA and MBNA employees, that the merger has worked. How can this be?

BOA had the foresight to know which MBNA practices to attempt to change and which to keep in place. Especially critical was BOA's appreciation and respect for MBNA's culture. "On Day 1, I was directed that this was not like the ones you are used to," said Clifford Skelton, who had helped manage BOA's acquisition of FleetBoston Financial before moving on to MBNA.

To try to manage the cultural transition, executives of both companies began by comparing thousands of practices covering everything from hiring to call-center operations. In many cases, BOA chose to keep MBNA's cultural practices in place. In other cases, BOA did impose its will on MBNA. For example, because MBNA's pay rates were well above market, many MBNA managers were forced to swallow a steep pay cut. Some MBNA employees left, but most remained.

Sources: Based on E. Dash, "A Clash of Cultures, Averted," *The New York Times* (February 20, 2007), pp. B1, B3; L. Moyer, "Bank of America Lewis Must Wait on His Fate," *Forbes* (April 29, 2009), www.forbes.com; and K. MacFadyen, "From the People Who Brought You BofA," *Mergers and Acquisitions* (October, 2009), pp. 38–40.

In other cases, the cultures co-adapted. For example, MBNA's dress code was much more formal than BOA's business-casual approach. In the end, a hybrid code was adopted, where business suits were expected in the credit-card division's corporate offices and in front of clients, but business casual was the norm otherwise.

While most believe the merger has been successful, there are tensions. Some BOA managers see MBNA managers as arrogant and autocratic. Some MBNA managers see their BOA counterparts as bureaucratic.

Of course, BOA made another, more recent and much larger acquisition: Merrill Lynch. After a rough start, most evidence suggests this mega-merger saved Merrill from bankruptcy and appears to be working well, which might suggest that BOA has found the secret to successful mega-mergers.

Questions

1. In what ways were the cultures of Bank of America and MBNA incompatible?
2. Why do you think their cultures appeared to mesh rather than clash?
3. Do you think culture is important to the success of a merger/acquisition? Why or why not?
4. How much of the smooth transition, if any, do you think comes from both companies glossing over real differences in an effort to make the merger work?

CASE INCIDENT 2 Did Toyota's Culture Cause Its Problems?

You may be familiar with the problems that have recently plagued Toyota. However, you may not know the whole story. First the facts. In 2010 Toyota issued a series of recalls for various models. The most serious was for a defect called "unintended acceleration," which occurs when a car accelerates with no apparent input from the driver. Investigations revealed that unintended acceleration in Toyota cars has been the cause of 37 deaths since 2000. When the problems first surfaced, however, Toyota denied it was the cause. Eventually, Toyota apologized and recalled more than 9 million cars.

To many, the root cause of Toyota's problems was its insular, arrogant culture. *Fortune* argued: "Like GM before it, Toyota has gotten smug. It believes the Toyota Way is the only way." *Time* reported "a Toyota management team

that had fallen in love with itself and become too insular to properly handle something like the current crisis." Transportation Secretary Ray LaHood described Toyota's culture as "safety-deaf."

But is this the reality? Increasingly, evidence suggests that Toyota's culture—or even the cars it produces—is not the source of the problem.

A 2011 report released by the U.S. National Highway Traffic Safety Administration (NHTSA) concluded that unintended acceleration was not caused by problems in the electronic circuitry. *The Wall Street Journal* wrote that "safety regulators, human-error experts and auto makers say driver error is the primary cause of sudden acceleration." *Forbes* and *The Atlantic* commented that most of the incidents of sudden acceleration in Toyota cars occurred

with elderly drivers, and elderly drivers are known to be more prone to confusing pedals. Many other independent investigations, including ones conducted by automobile experts at *Popular Mechanics* and *Car and Driver*, reached the same conclusion: the main cause of unintended acceleration was drivers mistaking the gas pedal for the brake pedal.

There's a long history of misreporting on this issue. Audi was nearly driven into bankruptcy when *60 Minutes* aired a report, "Out of Control," purportedly proving that defects in the car were behind six fatal sudden-acceleration accidents. As it turns out, *60 Minutes* paid sometime to tamper with the car—filling a canister of compressed air linked to the transmission—to cause the sudden acceleration shown in the segment. Further investigations never uncovered evidence that defects in Audi's cars were behind the incidents.

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Questions

- If Toyota is not the cause of unintended acceleration, why was it blamed for it?
- Investigations have shown that after stories of unintended acceleration are publicized, report of incidents increase for all automakers. Why is this the case?
- Is it possible to have a strong—even arrogant—culture and still produce safe and high-quality vehicles?
- If you were the CEO of Toyota when the story was first publicized, how would you have reacted?

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LEARNING OBJECTIVES

After studying this chapter, you should be able to:

- 1 Define *initial selection*, and identify the most useful methods.
- 2 Define *substantive selection*, and identify the most useful methods.
- 3 Define *contingent selection*, and contrast the arguments for and against drug testing.
- 4 Compare the four main types of training.
- 5 Contrast formal and informal training methods.
- 6 Contrast on-the-job and off-the-job training.
- 7 Describe the purposes of performance evaluation, and list the methods by which it can be done.
- 8 Show how managers can improve performance evaluations.
- 9 Describe how organizations can manage work–family conflicts.

MyManagementLab

Access a host of interactive learning aids to help strengthen your understanding of the chapter concepts at www.mymanagementlab.com.

TESTING NFL QUARTERBACKS

It's often said that the entire human resources function in organizations is meant to fix mistakes made at the time of hiring. There is an element of truth in that, but it's also true that making accurate hiring decisions is itself the most important aspect of human resources. And perhaps no aspect of selection is more interesting or surprising than this: a 12-minute paper-and-pencil test may well be the single best method for selecting employees in most occupations, including, perhaps, National Football League (NFL) quarterbacks.

We're talking about the Wonderlic Cognitive Ability Test, one of the most extensively validated tests ever. (We first discussed it in Chapter 2.) The Wonderlic has been applied to hundreds of occupations, but nowhere is its use more intriguing than in the NFL. As NFL fans know, prior to the football draft every year, potential draftees go through a "combine" where their skills are tested: they run, they bench-press, they scrimmage—and they also take the Wonderlic. Although players and members of the media often express skepticism about the validity of the test, evidence suggests it works.

Scores range from 0 to 50. The average chemist scores 31, compared to 26 for a journalist, 22 for a bank teller, and 15 for a warehouse worker. Among football players, scores vary by position. Offensive linemen and quarterbacks generally have much higher scores than running backs, cornerbacks, or middle linebackers.

Here's a select sample of how some NFL quarterbacks scored on the Wonderlic (scores for others like Matt Cassel, Troy Smith, and Jon Kitna were unavailable):

30 and higher (very intelligent) Ryan Fitzpatrick: 48, Alex Smith: 40, Eli Manning: 39, Matthew Stafford: 38, Tony Romo: 37, Sam Bradford: 36, Aaron Rodgers: 35, Christian Ponder: 35, Tom Brady: 33, Matt Ryan: 32, Brian Brohm: 32, Matt Schaub: 30, Philip Rivers: 30

25–29 (intelligent) Matt Hasselbeck: 29, Marc Bulger: 29, Peyton Manning: 28, Drew Brees: 28, Mark Sanchez: 28, Joe Flacco: 27, Jason Campbell: 27, Josh Freeman: 27, Jay Cutler: 26, Carson Palmer: 26, Kyle Orton: 26, Colt McCoy: 25, Shaun Hill: 25, Ben Roethlisberger: 25

20–24 (above average) Jimmy Clausen: 23, Chad Henne: 22, Brett Favre: 22, Tim Tebow: 22, Cam Newton: 21, Michael Vick: 20, Jake Locker: 20

Less than 20 (average to below average) Derek Anderson: 19, Bruce Gradkowski: 19, Vince Young: 16, Donovan McNabb: 16, David Garrard: 14, Seneca Wallace: 12

It's clear NFL quarterbacks are smart—most score well above average relative to the U.S. population (the population average is 19). But do differences among the quarterbacks predict success? It's not clear. In the past several

Human Resource Policies and Practices

17

To manage people well, companies should . . . elevate HR to a position of power and primacy in the organization. —Jack Welch

Photo: Green Bay Packers quarterback Aaron Rodgers. Source: q78/ZUMA Press/Newscom.



seasons, there has not been a strong correlation between Wonderlic scores and quarterback ratings (a composite index assessing quarterback performance). One reporter looking at these results called it a “useless exam.”

On the other hand, if you take an average of the Wonderlic scores of the quarterbacks for the past eight Super Bowl winners, you get a rather lofty average of 31.

Sources: M. Mirabile, “NFL Quarterback Wonderlic Scores,” www.macmirabile.com/Wonderlic.htm; E. Thompson, “Wonderlic Scores of 2010 NFL Starting Quarterbacks and NFL Draft QB Prospects,” *Palm Beach Post* (March 10, 2010), www.palmbeachpost.com/sports/; J. Saraceno, “Who Knows if This Longhorn Is Short on IQ,” *USA Today* (March 1, 2006), p. 2C; and S. Smith, “Wonderlic Test: NFL Should Sack Useless Exam,” *CBS News Sports* (February 28, 2011), downloaded on July 3, 2011, from www.cbsnews.com/.

The message of this chapter is that human resource (HR) policies and practices—such as employee selection, training, and performance management—influence an organization’s effectiveness.¹ However, studies show managers—even HR managers—often don’t know which HR practices work and which don’t. To see how much you know (before learning the right answers in this chapter), take the self-assessment.



SELF-ASSESSMENT LIBRARY

How Much Do I Know About Human Resource Management (HRM)?

In the Self-Assessment Library (available on CD and online), take assessment IV.G.2 (How Much Do I Know About HRM?) and answer the following questions:

1. How did you score compared to your classmates? Did the results surprise you?
2. How much of effective HRM is common sense?
3. Do you think your score will improve after you read this chapter?

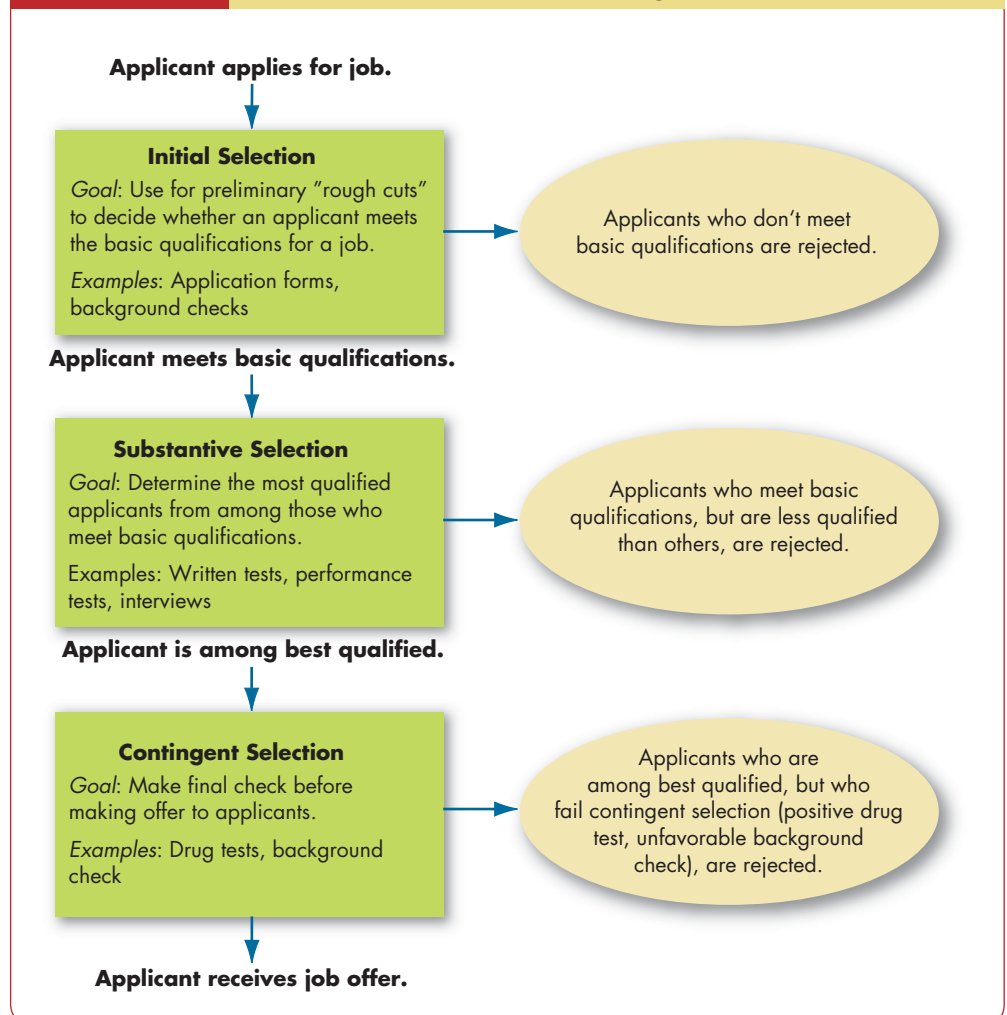
Selection Practices

We just suggested that the most important HR function is hiring the right people. How do you figure out who they are? Identifying the right people is the objective of the selection process, which matches individual characteristics (ability, experience, and so on) with the requirements of the job.² When management fails to get a proper match, employee performance and satisfaction both suffer. As a result of the Great Recession and the continued high unemployment rate, there are now many applicants for almost every open job position. This makes it more important than ever to ensure that your organization has an effective method for separating the most qualified candidates from the large number of applicants.

How the Selection Process Works

Exhibit 17-1 shows how the selection process works in most organizations. Having decided to apply for a job, applicants go through several stages—three

Exhibit 17-1 Model of Selection Process in Organizations



are shown in the exhibit—during which they can be rejected at any time. In practice, some organizations forgo some of these steps in the interests of time. (A meat-packing plant may hire someone who walks in the door, but there is not a long line of people who want to “thread” a pig’s intestines for a living.) But most organizations follow a process that looks something like this exhibit. Let’s go into a bit more detail about each stage.

Initial Selection

- 1 Define *initial selection*, and identify the most useful methods.

Initial selection devices are the first information applicants submit and are used for preliminary rough cuts to decide whether the applicant meets the basic qualifications for a job. Application forms (including letters of recommendation) are initial selection devices. We list background checks as either an initial selection device or a contingent selection device, depending on how the organization handles them. Some organizations prefer to look into an applicant’s background right away. Others wait until the applicant is about ready to be hired, contingent on everything else checking out.

Application Forms You’ve no doubt submitted your fair share of applications. By itself, the information submitted on an application form is not a very useful

predictor of performance. However, it can be a good initial screen. For example, there's no sense spending time interviewing an applicant for a registered nurse position if he doesn't have the proper credentials (education, certification, experience). Many organizations encourage applicants to apply online. It takes only a few minutes, and the form can be forwarded to the people responsible for making the hiring decision. Most major corporations have a career page on their Web site where prospective employees can search for available positions by location or job type and then apply online.

Managers must be careful about the questions they ask on applications. It's pretty obvious that questions about race, gender, and nationality are disallowed. However, it might surprise you that other questions also put companies in legal jeopardy. For example, it generally is not permissible to ask about prior arrest records or even convictions unless the answer is job related.

Background Checks More than 80 percent of employers conduct reference checks on applicants at some point in the hiring process. The reason is obvious: they want to know how an applicant did in past jobs and whether former employers would recommend hiring the person. The problem is that rarely do former employers provide useful information. In fact, nearly two-thirds refuse to provide detailed references because they are afraid of being sued for saying something bad about a former employee. Although this concern is often unfounded (employers are safe as long as they stick to documented facts, and several states have passed laws protecting truthful information provided in reference checks), in our litigious society most employers play it safe. The result is a paradox: most employers want reference information, but few will give it out.

Letters of recommendation are another form of background check. These also aren't as useful as they may seem. Applicants select those who will write good things about them, so almost all letters of recommendation are positive. In the end, readers either ignore them or read "between the lines" to try to find hidden meaning there.

Many employers will now search for candidates online through a general Internet search or through a targeted search on social networking sites. The legality of this practice has come into question, but there is no doubt that many employers include an electronic search to see whether candidates have any history that might make them a dubious choice for employment. For some potential employees, an embarrassing or incriminating photo circulated through Facebook may make it hard to get a job.

Finally, some employers check credit histories or criminal records. A bank hiring tellers, for example, would probably want to know about an applicant's criminal and credit histories. Increasingly, credit checks are being used for nonbanking jobs. Kevin Palmer's offer of a job with a property management company evaporated after the company performed a credit check on him that revealed a bankruptcy in his past.³ Despite the trend, because of the invasive nature of such checks, employers need to be sure there is a need for them. To further complicate matters, however, *not* checking can carry a legal cost. Manor Park Nursing Home in Texas failed to do a criminal background check of an employee who later sexually assaulted a resident of the home. The jury awarded the plaintiff \$1.1 million, concluding the nursing home was negligent for failing to conduct a background check.⁴

Substantive Selection

If an applicant passes the initial screens, next are substantive selection methods. These are the heart of the selection process and include written tests, performance tests, and interviews.

- 2** Define *substantive selection*, and identify the most useful methods.

Written tests are the heart of the selection process at Cabela's, a specialty retailer of hunting, fishing, camping, and other outdoor merchandise. Job applicants for Cabela's contact center and retail stores are given a difficult 150-question test that measures the depth of their knowledge of outdoor sports. Cabela's management believes that the written tests are helpful in determining who will succeed in providing customers with exceptional service and product knowledge.



Source: William Thomas Cain/Getty Images.

Written Tests Long popular as selection devices, written tests—called “paper-and-pencil” tests, though most are now available online—declined in use between the late 1960s and mid-1980s, especially in the United States. They were frequently characterized as discriminatory, and many organizations had not validated them as job related. The past 20 years, however, have seen a resurgence, and today more than 60 percent of all U.S. organizations and most of the *Fortune* 1,000 use some type of employment test.⁵ Managers recognize that valid tests can help predict who will be successful on the job.⁶ Applicants, however, tend to view written tests as less valid and fair than interviews or performance tests.⁷ Typical written tests include (1) intelligence or cognitive ability tests, (2) personality tests, (3) integrity tests, and (4) interest inventories.

Tests of intellectual ability, spatial and mechanical ability, perceptual accuracy, and motor ability have long proven valid predictors for many skilled, semi-skilled, and unskilled operative jobs organizations.⁸ Intelligence tests have proven to be particularly good predictors for jobs that include cognitively complex tasks (like learning the ever-more-complex playbooks in the NFL).⁹ Many experts say intelligence tests are the *single best* selection measure across jobs, and that they are at least as valid in the European Union (EU) nations as in the United States.¹⁰

Personality tests are inexpensive and simple to administer, and in the past decade, their use has grown. The traits that best predict job performance are conscientiousness and positive self-concept.¹¹ This makes sense in that conscientious people tend to be motivated and dependable, and positive people are “can-do” oriented and persistent. However, concerns about applicant faking remain, because it’s fairly easy for applicants to claim they are hard-working, motivated, and dependable when asked in a job application setting.¹² Two reviews of studies comparing self-reported personality to observer-rated personality found that observer ratings are better predictors of job performance and other behaviors.¹³ Thus, employers might want to consider asking employment references about applicant personality as part of the screening process.

As ethical problems have increased in organizations, integrity tests have gained popularity. These paper-and-pencil tests measure factors such as

dependability, carefulness, responsibility, and honesty; they have proven to be powerful predictors of supervisory ratings of job performance and of theft, discipline problems, and excessive absenteeism.¹⁴

Performance-Simulation Tests What better way to find out whether applicants can do a job successfully than by having them do it? That's precisely the logic of performance-simulation tests.

Although they are more complicated to develop and administer than written tests, performance-simulation tests have higher *face validity* (which measures whether applicants perceive the measures to be accurate), and their popularity has increased. The three best-known are work samples, assessment centers, and situational judgment tests.

Work sample tests are hands-on simulations of part or all of the work that applicants for routine jobs must perform. Each work sample element is matched with a job-performance element to measure applicants' knowledge, skills, and abilities with more validity than written aptitude and personality tests.¹⁵ Work samples are widely used in the hiring of skilled workers, such as welders, machinists, carpenters, and electricians. Job candidates for production jobs often have a limited period of time to perform a variety of typical work tasks on a specially built simulated assembly line.¹⁶

A more elaborate set of performance-simulation tests, specifically designed to evaluate a candidate's managerial potential, is administered in **assessment centers**. Line executives, supervisors, and/or trained psychologists evaluate candidates as they go through one to several days of exercises that simulate real problems they would confront on the job.¹⁷ A candidate might be required to play the role of a manager who must decide how to respond to ten memos in an in-basket within a 2-hour period.

To reduce the costs of job simulations, many organizations have started to use situational judgment tests, which ask applicants how they would perform in a variety of job situations and compare their answers to those of high-performing employees.¹⁸ One study comparing situational judgment tests to assessment centers found the assessment center was a better predictor of job performance, although the difference was not large.¹⁹ Ultimately, the lower cost of the situational judgment test may make it a better choice for some organizations than a more elaborate work sample or assessment center.

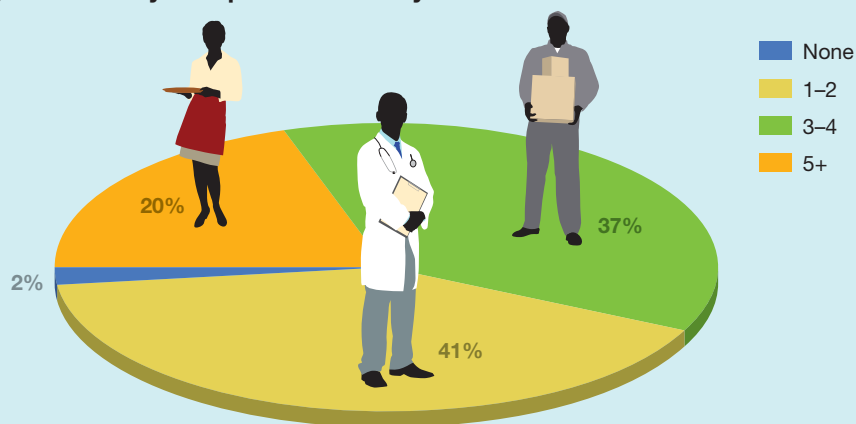
Interviews Of all the selection devices organizations around the globe use to differentiate candidates, the interview remains the most common.²⁰ It also tends to have a disproportionate amount of influence. Over-reliance on interviews is problematic, because extensive evidence shows that impression management techniques like self-promotion have a strong effect on interviewer preferences even when unrelated to the job.²¹ Conversely, the candidate who performs poorly in the employment interview is likely to be cut from the applicant pool regardless of experience, test scores, or letters of recommendation.

These findings are relevant because of the interview's typical nature.²² The popular unstructured interview—short, casual, and made up of random questions—is simply not a very effective selection device.²³ The data it gathers are typically biased and often only modestly related to future job performance. Still, managers are reluctant to use *structured interviews* in place of their favorite questions, such as “If you could be any animal, what would you be, and why?”²⁴

Without structure, interviewers tend to favor applicants who share their attitudes, give undue weight to negative information, and allow the order in which applicants are interviewed to influence their evaluations.²⁵ To reduce such bias

OB Poll Most People Expect Multiple Careers

How many careers do you expect to have in your life?



Source: Based on J. Yang and A. Gonzalez, "Charles Schwab Survey of 1,000 Adults," *USA Today* (March 9, 2011), p. 1B.

and improve the validity of interviews, managers should adopt a standardized set of questions, a uniform method of recording information, and standardized ratings of applicants' qualifications. Training interviewers to focus on specific dimensions of job performance, practicing evaluation of sample candidates, and giving interviewers feedback on how well they were focused on job-relevant characteristics significantly improves the accuracy of their ratings.²⁶ Interview effectiveness also improves when employers use *behavioral structured interviews*, probably because these assessments are less influenced by interviewer biases.²⁷ They require applicants to describe how they handled specific problems and situations in previous jobs, based on the assumption that past behavior offers the best predictor of future behavior. Panel interviews also minimize the influence of individual biases and have higher validity.

In practice, most organizations use interviews as more than a prediction-of-performance device.²⁸ Companies as diverse as Southwest Airlines, Disney, Bank of America, Microsoft, Procter & Gamble, and Harrah's Entertainment use them to assess applicant-organization fit. So, in addition to evaluating specific, job-related skills, managers are looking at personality characteristics and personal values to find individuals who fit the organization's culture and image.

Contingent Selection

- 3 Define *contingent selection*, and contrast the arguments for and against drug testing.

If applicants pass the substantive selection methods, they are ready to be hired, contingent on a final check. One common contingent method is a drug test. Publix grocery stores make a tentative offer to applicants contingent on their passing such a test and checking out as drug-free.

work sample tests Hands-on simulations of part or all of the work that applicants for routine jobs must perform.

assessment centers A set of performance-simulation tests designed to evaluate a candidate's managerial potential.

Drug testing is controversial. Many applicants think testing without reasonable suspicion is invasive or unfair and say they should be tested on job-performance factors, not lifestyle choices that may not be relevant. Employers might counter that drug use and abuse are extremely costly, not just in financial terms but also in terms of people's safety. They have the law on their side. The U.S. Supreme Court has concluded that drug tests are "minimally invasive" selection procedures that as a rule do not violate individuals' rights.

Under the Americans with Disabilities Act, firms may not require employees to pass a medical exam before a job offer is made. However, they can conduct medical exams *after* making a contingent offer—to determine whether an applicant is physically or mentally able to do the job. Employers also sometimes use medical exams to find out whether and how they can accommodate employees with disabilities. For jobs requiring exposure to heavy physical or psychological demands, such as air traffic controllers or firefighters, medical exams are obviously an important indicator of ability to perform.

International Variations in Selection Processes

A study of 300 large organizations in 22 countries demonstrated that selection practices differ by nation.²⁹ The use of educational qualifications in screening candidates seems to be a universal practice, but aside from this, different countries emphasize different selection techniques. Structured interviews were popular in some countries and nonexistent in others. The study authors suggested that "certain cultures may find structured interviews antithetical to beliefs about how one should conduct an interpersonal interaction or the extent to which one should trust the judgment of the interviewer."³⁰ Other research shows that across the Netherlands, the United States, France, Spain, Portugal, and Singapore, most applicants prefer interviews and work sample tests and dislike use of personal contacts and integrity tests.³¹ There was little variation in preferences across these countries.

Executives of ImageNet Company (in red jackets), a Japanese Internet retailer, conducted job interviews atop Mount Fuji, Japan's highest mountain. Of the 20 candidates who applied for one of four job openings, 11 succeeded in reaching the summit of the 12,388-foot mountain for the interview. ImageNet said that the unique interview was to ensure that job applicants "have what it takes to scale the heights of business" and would identify candidates who are highly motivated, determined to succeed, and prepared for unusual challenges. Requiring applicants to climb a mountain to attend an interview would run afoul of equal employment laws in the United States and most European nations.



Training and Development Programs

4 Compare the four main types of training.

Competent employees don't remain competent forever. Skills deteriorate and can become obsolete, and new skills need to be learned. That's why U.S. corporations with a hundred or more employees spent more than \$125 billion on formal training in a recent year.³²

Types of Training

Training can include everything from teaching employees basic reading skills to conducting advanced courses in executive leadership. Here we discuss four general skill categories—basic literacy, technical skills, interpersonal skills, and problem-solving skills—and ethics training.

Basic Skills One survey of more than 400 human resources professionals found that 40 percent of employers believe high school graduates lack basic skills in reading comprehension, writing, and math.³³ As work has become more sophisticated, the need for these basic skills has grown significantly, leading to a gap between employer demands for skills and the available skills in the workforce.³⁴ The challenge isn't unique to the United States. It's a worldwide problem—from the most developed countries to the least.³⁵ For many undeveloped countries, widespread illiteracy means there is almost no hope of competing in a global economy.

Organizations increasingly have to teach employees basic reading and math skills. A literacy audit showed that employees at gun manufacturer Smith & Wesson needed at least an eighth-grade reading level to do typical workplace tasks.³⁶ Yet 30 percent of the company's 676 workers with no degree scored below eighth-grade levels in either reading or math. After the first round of basic-skills classes, company-paid and on company time, 70 percent of attendees brought their skills up to the target level, allowing them to do a better job. They displayed increased abilities to use fractions and decimals, better overall communication, greater ease in writing and reading charts, graphs, and bulletin boards—and a significant increase in confidence.

Technical Skills Most training is directed at upgrading and improving an employee's technical skills, increasingly important for two reasons: new technology and new structural designs in the organization.

Indian companies have faced a dramatic increase in demand for skilled workers in areas like engineering for emerging technologies, but many recent engineering graduates lack up-to-date knowledge required to perform these technical tasks.³⁷ Companies like Tata and Wipro provide new hires with up to 3 months of training to ensure they have the knowledge to perform the technical work demanded. In addition, these organizations are attempting to form partnerships with engineering schools to ensure their curricula meet the needs of contemporary employers.

As organizations flatten their structures, expand their use of teams, and break down traditional departmental barriers, employees need mastery of a wider variety of tasks and increased knowledge of how their organization operates. The restructuring of jobs around empowered teams at Miller Brewing led management to introduce a comprehensive business literacy program to help employees better understand competition, the state of the beer industry, where

the company's revenues come from, how costs are calculated, and where employees fit into the company's value chain.³⁸

Problem-Solving Skills Problem-solving training for managers and other employees can include activities to sharpen their logic, reasoning, and problem-defining skills as well as their abilities to assess causation, develop and analyze alternatives, and select solutions. Problem-solving training has become a part of almost every organizational effort to introduce self-managed teams or implement quality-management programs.

Interpersonal Skills Almost all employees belong to a work unit, and their work performance depends on their ability to effectively interact with their co-workers and boss. Some employees have excellent interpersonal abilities, but others require training to improve listening, communicating, and team-building skills. Although professionals are greatly interested in interpersonal skills training, most evidence suggests that skills learned in such training do not readily transfer back to the workplace.³⁹

Civility Training As human resource managers have become increasingly aware of the effects of social behavior in the workplace, they have paid more attention to the problems of incivility, bullying, and abusive supervision in organizations. Examples of incivility include being ignored, being excluded from social situations, having your reputation undermined in front of others, and experiencing other actions meant to demean or disparage. Researchers have shown that these forms of negative behavior can decrease satisfaction, reduce job performance, increase perceptions of unfair treatment, increase depression, and lead to psychological withdrawal from the workplace.⁴⁰

Is there anything managers can do to minimize incivility, bullying, and abusive supervision? One possibility is training specifically targeted to building civility by having directed conversations about it and supporting the reduction of incivility on an ongoing process. Following a training intervention based on these principles, co-worker civility, respect, job satisfaction, and management trust have increased, while supervisor incivility, cynicism, and absences

There's a heavy focus on teamwork and unit cohesion for this squad of midshipmen during their 18-hour-long Sea Trials training at the U.S. Naval Academy. Learning how to become a team player and recognizing the value of teamwork are part of the interpersonal skills training for cadets who are finishing their freshman year at the academy.

Working together to complete a challenge, such as transporting the log shown here, is the objective of the training, because the tasks cannot be completed alone. The training also teaches cadets the skills of encouraging and motivating peers to succeed as part of building unity among squad members.



decreased.⁴¹ Thus, the evidence suggests that deliberate interventions to improve the workplace climate for positive behavior can indeed minimize the problems of incivility.

Ethics Training A large percentage of employees working in the 1,000 largest U.S. corporations receive ethics training⁴² either during new-employee orientation, as part of ongoing developmental programs, or as periodic reinforcement of ethical principles.⁴³ But the jury is still out on whether you can actually teach ethics.⁴⁴

Critics argue that ethics are based on values, and value systems are learned by example at an early age. By the time employees are hired, their ethical values are fixed. Some research does suggest ethics training does not have a significant long-term effect on participants' values and even that exposure to business and law school programs *decreases* students' level of prosocial ethical values.⁴⁵

Supporters of ethics training say values *can* be learned and changed after early childhood. And even if they couldn't, ethics training helps employees recognize ethical dilemmas and become more aware of the ethical issues underlying their actions. It also reaffirms an organization's expectations that members will act ethically. Individuals who have greater exposure to organizational ethics codes and ethics training do tend to be more satisfied and perceive their organizations as more socially responsible, so ethics training does have some positive effects.⁴⁶

Training Methods

5 Contrast formal and informal training methods.

Historically, *training* meant “formal training,” planned in advance and having a structured format. However, evidence indicates 70 percent of workplace learning takes place in *informal training*—unstructured, unplanned, and easily adapted to situations and individuals—for teaching skills and keeping employees current.⁴⁷ In reality, most informal training is nothing other than employees helping each other out, sharing information, and solving work-related problems together. Thus, many managers are now supportive of what used to be considered “idle chatter.”

6 Contrast on-the-job and off-the-job training.

On-the-job training methods include job rotation, apprenticeships, understudy assignments, and formal mentoring programs. But because they often disrupt the workplace, organizations also invest in *off-the-job training*. The \$125 billion figure we cited for training was largely spent on the formal off-the-job variety, the most popular method being live classroom lectures. But it also encompasses public seminars, self-study programs, Internet courses, Webinars, podcasts, and group activities that use role-plays and case studies.

The fastest-growing training medium is probably computer-based training, or e-training.⁴⁸ E-learning systems emphasize learner control over the pace and content of instruction, allow e-learners to interact through online communities, and incorporate other techniques such as simulations and group discussions. Computer-based training that lets learners actively participate in exercises and quizzes was more effective than traditional classroom instruction.⁴⁹ Recent research has also highlighted the ways in which computer-based training can be improved by providing learners with regular prompts to set goals for learning, use effective study strategies, and measure progress toward their learning goals.⁵⁰

On the positive side, e-training increases flexibility because organizations can deliver materials anywhere, any time. It also seems fast and efficient. On the other hand, it's expensive to design self-paced online materials, employees miss the social interaction of a classroom, online learners are more susceptible to distractions, and “clicking through” training without engaging in practice activities provides no assurance that employees have actually learned anything.⁵¹

MyManagementLab

For an interactive application of this topic, check out this chapter's simulation activity at www.mymanagementlab.com.

Videogame training is widely used in the technology industry and is gaining popularity in low-tech firms. Cold Stone Creamery, for example, has developed a proprietary game called “Stone City” to help new employees like the young man shown here learn about products, portion sizes, and customer service. As one element of computerized training, Internet games are intrinsically motivating and result in employees choosing to repeatedly engage in game play and mastering skills. Computer-based training is fast and efficient and gives learners control over the pace and content of instruction.



Source: Abel Uribe/MCT/Newscom.

Evaluating Effectiveness

The *effectiveness* of a training program can refer to the level of student satisfaction, the amount students learn, the extent to which they transfer the material from training to their jobs, or the financial return on investments in training.⁵² These results are not always related. Some people who have a positive experience in an upbeat, fun class learn very little; some who learn a great deal have difficulty figuring out how to use their knowledge at work; and changes in employee behavior are often not large enough to justify the expense of training. This means rigorous measurement of multiple training outcomes should be a part of every training effort.

The success of training also depends on the individual. If individuals are unmotivated, they will learn very little. What creates training motivation? Personality is important: those with an internal locus of control, high conscientiousness, high cognitive ability, and high self-efficacy learn more. The climate also is important: when trainees believe there are opportunities and resources to let them apply their newly learned skills, they are more motivated and do better in training programs.⁵³ Finally, after-training support from supervisors and co-workers has a strong influence on whether employees transfer their learning into new behavior.⁵⁴ For a training program to be effective requires not just teaching the skills but also changing the work environment to support the trainees.

Performance Evaluation

7 Describe the purposes of performance evaluation, and list the methods by which it can be done.

Would you study differently or exert a different level of effort for a college course graded on a pass–fail basis than for one that awarded letter grades A to F? Students typically tell us they study harder when letter grades are at stake. When they take a course on a pass–fail basis, they tend to do just enough to ensure a passing grade.

What applies in the college context also applies to employees at work. In this section, we show how the choice of a performance evaluation system and the way it's administered can be an important force influencing employee behavior.

What Is Performance?

In the past, most organizations assessed only how well employees performed the tasks listed on a job description, but today's less hierarchical and more service-oriented organizations require more. Researchers now recognize three major types of behavior that constitute performance at work:

1. **Task performance.** Performing the duties and responsibilities that contribute to the production of a good or service or to administrative tasks. This includes most of the tasks in a conventional job description.
2. **Citizenship.** Actions that contribute to the psychological environment of the organization, such as helping others when not required, supporting organizational objectives, treating co-workers with respect, making constructive suggestions, and saying positive things about the workplace.
3. **Counterproductivity.** Actions that actively damage the organization. These behaviors include stealing, damaging company property, behaving aggressively toward co-workers, and taking avoidable absences.

Most managers believe good performance means doing well on the first two dimensions and avoiding the third.⁵⁵ A person who does core job tasks very well but is rude and aggressive toward co-workers is not going to be considered a good employee in most organizations, and even the most pleasant and upbeat worker who can't do the main job tasks well is not going to be a good employee.

Purposes of Performance Evaluation

Performance evaluation serves a number of purposes.⁵⁶ One is to help management make general *human resource decisions* about promotions, transfers, and terminations. Evaluations also *identify training and development needs*. They *pinpoint employee skills and competencies* for which remedial programs can be developed. Finally, they *provide feedback to employees* on how the organization views their performance and are often the *basis for reward allocations*, including merit pay increases.

Because our interest is in organizational behavior, here we emphasize performance evaluation as a mechanism for providing feedback and determining reward allocations.

What Do We Evaluate?

The criteria management choose to evaluate will have a major influence on what employees do. The three most popular sets of criteria are individual task outcomes, behaviors, and traits.

Individual Task Outcomes If ends count rather than means, management should evaluate an employee's task on outcomes such as quantity produced, scrap generated, and cost per unit of production for a plant manager or on

task performance *The combination of effectiveness and efficiency at doing your core job tasks.*

citizenship *Actions that contribute to the psychological environment of the organization, such as helping others when not required*

counterproductivity *Actions that actively damage the organization, including stealing, behaving aggressively toward co-workers, or being late or absent*

Behavior is an important element in evaluating the performance of caregivers in nursing homes and retirement facilities. In addition to individual task outcomes, the caregiver shown here attending to a resident at a nursing home for the elderly in Yokohama, Japan, is evaluated on behaviors such as helping others and building caring and trusting relationships with residents and their family members. These subjective factors contribute to the effectiveness of the nursing home and its reputation as a place where older people are treated with love and respect.



Source: Kyodo via AP Images.

overall sales volume in the territory, dollar increase in sales, and number of new accounts established for a salesperson.

Behaviors It is difficult to attribute specific outcomes to the actions of employees in advisory or support positions or employees whose work assignments are part of a group effort. We may readily evaluate the group's performance, but if it is hard to identify the contribution of each group member, management will often evaluate the employee's behavior. A plant manager might be evaluated on promptness in submitting monthly reports or leadership style, and a salesperson on average number of contact calls made per day or sick days used per year.

Measured behaviors needn't be limited to those directly related to individual productivity. As we pointed out in discussing organizational citizenship behavior (see Chapters 1 and 3), helping others, making suggestions for improvements, and volunteering for extra duties make work groups and organizations more effective and often are incorporated into evaluations of employee performance.

Traits The weakest criteria, because they're furthest removed from actual job performance, are individual traits.⁵⁷ Having a good attitude, showing confidence, being dependable, looking busy, or possessing a wealth of experience may or may not be highly correlated with positive task outcomes, but it's naïve to ignore the reality that organizations still use such traits to assess job performance.

Who Should Do the Evaluating?

Who should evaluate an employee's performance? By tradition, the task has fallen to managers, because they are held responsible for their employees' performance. But others may do the job better.

With many of today's organizations using self-managed teams, telecommuting, and other organizing devices that distance bosses from employees, the immediate superior may not be the most reliable judge of an employee's performance. Peers and even subordinates are being asked to take part in the process, and employees are participating in their own evaluation. One survey found about half of executives and 53 percent of employees now have input into their performance evaluations.⁵⁸ As you might expect, self-evaluations often suffer from overinflated assessment and self-serving bias, and they seldom agree with superiors' ratings.⁵⁹ They are probably better suited to developmental than evaluative purposes and should be combined with other sources of information to reduce rating errors.

In most situations, in fact, it is highly advisable to use multiple sources of ratings. Any individual performance rating may say as much about the rater as about the person being evaluated. By averaging across raters, we can obtain a more reliable, unbiased, and accurate performance evaluation.

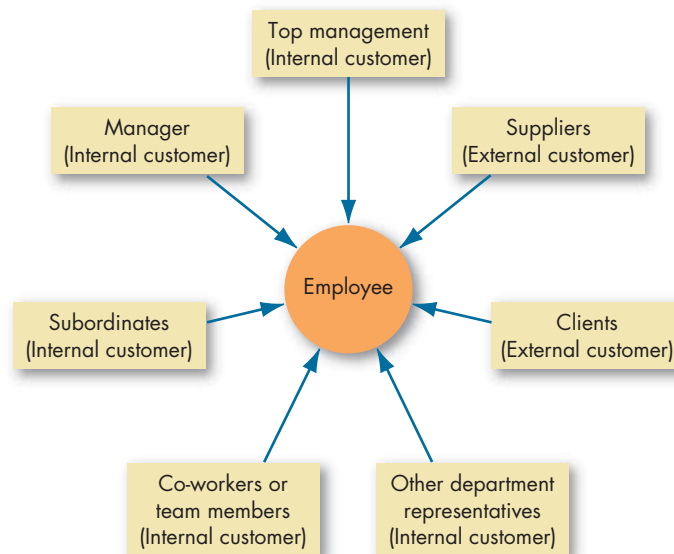
Another popular approach to performance evaluation is 360-degree evaluations.⁶⁰ These provide performance feedback from the employee's full circle of daily contacts, from mailroom workers to customers to bosses to peers (see Exhibit 17-2). The number of appraisals can be as few as 3 or 4 or as many as 25; most organizations collect 5 to 10 per employee.

What's the appeal of the 360-degree appraisal? By relying on feedback from co-workers, customers, and subordinates, organizations are hoping to give everyone a sense of participation in the review process and gain more accurate readings on employee performance.

Evidence on the effectiveness of the 360-degree evaluation is mixed.⁶¹ It provides employees with a wider perspective on their performance, but many organizations don't spend the time to train evaluators in giving constructive

Exhibit 17-2 360-Degree Evaluations

The primary objective of the 360-degree performance evaluation is to pool feedback from all of the employee's customers.



Performance Appraisal Around the World

The process of appraising performance is complicated and requires both assessing what employees are doing and communicating this information back to the employees. These are two highly social, context-dependent processes, so we might expect performance appraisal to vary dramatically depending on the country. Preliminary research suggests that management practices related to performance appraisal do indeed vary across borders.

A structured interview study examined Chinese managers' beliefs about performance appraisal. Most respondents found it a good way to build communication and believed performance levels are a function of each person's individual attributes. These

attitudes were fairly similar to those of managers in the United States, where most research on performance appraisal has been performed. However, the Chinese managers believed a person in a position of power and control should run the appraisal meeting, unlike the more informal preferences of U.S. managers.

One larger-scale study compared appraisal practices in the United States, Canada, the United Kingdom, Finland, Sweden, Hong Kong, and Singapore using the dimensions of culture identified in the GLOBE survey. Appraisals were more frequently used for communication and development in countries like Sweden and Finland that were low in assertiveness and power distance. Formal

feedback was more frequent in highly assertive, low collectivist, and uncertainty avoidant cultures like the United States, the United Kingdom, and Canada. Finally, appraisals were more collaborative in nature in the United States and Canada, and more formal and top-down in Hong Kong and Singapore.

Source: Based on K. H. C. Cheng and W. Cascio, "Performance-Appraisal Beliefs of Chinese Employees in Hong Kong and the Pearl River Delta," *International Journal of Selection and Assessment* 17, no. 3 (2009), pp. 329–333; and F. F. T. Chiang and T. A. Birtch, "Appraising Performance across Borders: An Empirical Examination of the Purposes and Practices of Performance Appraisal in a Multi-Country Context," *Journal of Management Studies* 47, no. 7 (2010), pp. 1365–1393.

criticism. Some allow employees to choose the peers and subordinates who evaluate them, which can artificially inflate feedback. It's also difficult to reconcile disagreements between rater groups. There is clear evidence that peers tend to give much more lenient ratings than supervisors or subordinates, and peers also tend to make more errors in appraising performance.

Methods of Performance Evaluation

We've discussed *what* we evaluate and *who* should do the evaluating. Now we ask: *How* do we evaluate an employee's performance? What are the specific techniques for evaluation?

Written Essays Probably the simplest method is to write a narrative describing an employee's strengths, weaknesses, past performance, potential, and suggestions for improvement. The written essay requires no complex forms or extensive training to complete. But, in this method, a useful appraisal may be determined as much by the evaluator's writing skill as by the employee's actual level of performance. It's also difficult to compare essays for different employees (or for the same employees written by different managers) because there is no standardized scoring key.

Critical Incidents **Critical incidents** focus the evaluator's attention on the difference between executing a job effectively and executing it ineffectively. The appraiser describes what the employee did that was especially effective or ineffective in a situation, citing only specific behaviors. A list of such critical incidents provides a rich set of examples to show the employee desirable behaviors and those that call for improvement.

Graphic Rating Scales One of the oldest and most popular methods of evaluation is **graphic rating scales**. The evaluator goes through a set of performance factors—such as quantity and quality of work, depth of knowledge, cooperation, attendance, and initiative—and rates each on incremental scales. The scales may specify, say, five points, so *job knowledge* might be rated 1 (“is poorly informed about work duties”) to 5 (“has complete mastery of all phases of the job”). Although they don’t provide the depth of information that essays or critical incidents do, graphic rating scales are less time consuming to develop and administer and allow for quantitative analysis and comparison.

Behaviorally Anchored Rating Scales **Behaviorally anchored rating scales (BARS)** combine major elements from the critical incident and graphic rating scale approaches. The appraiser rates employees on items along a continuum, but the items are examples of actual behavior on the job rather than general descriptions or traits. To develop the BARS, participants first contribute specific illustrations of effective and ineffective behavior, which are translated into a set of performance dimensions with varying levels of quality.

Forced Comparisons **Forced comparisons** evaluate one individual’s performance against the performance of another or others. It is a relative rather than an absolute measuring device. The two most popular comparisons are group order ranking and individual ranking.

Group order ranking requires the evaluator to place employees into a particular classification, such as top one-fifth or second one-fifth. If a rater has 20 employees, only 4 can be in the top fifth and, of course, 4 must also be relegated to the bottom fifth. This method is often used in recommending students to graduate schools.

The **individual ranking** approach rank-orders employees from best to worst. If the manager is required to appraise 30 employees, the difference between the 1st and 2nd employee is assumed to be the same as that between the 21st and 22nd. Some employees may be closely grouped, but no ties are permitted. The result is a clear ordering from the highest performer to the lowest.

One parallel to forced ranking is forced distribution of college grades. Why would universities do this? As shown in Exhibit 17-3, average GPAs have gotten much higher over time.⁶² In recent years, nearly 43 percent of all letter grades given were A’s, whereas there was a decrease in the number of C’s. Although it is not exactly clear why this increase has occurred over time, many attribute the rise in high letter grades to the popularity of student evaluations as a means of assessing professor performance. Generous grades might produce

critical incidents *A way of evaluating the behaviors that are key in making the difference between executing a job effectively and executing it ineffectively.*

graphic rating scales *An evaluation method in which the evaluator rates performance factors on an incremental scale.*

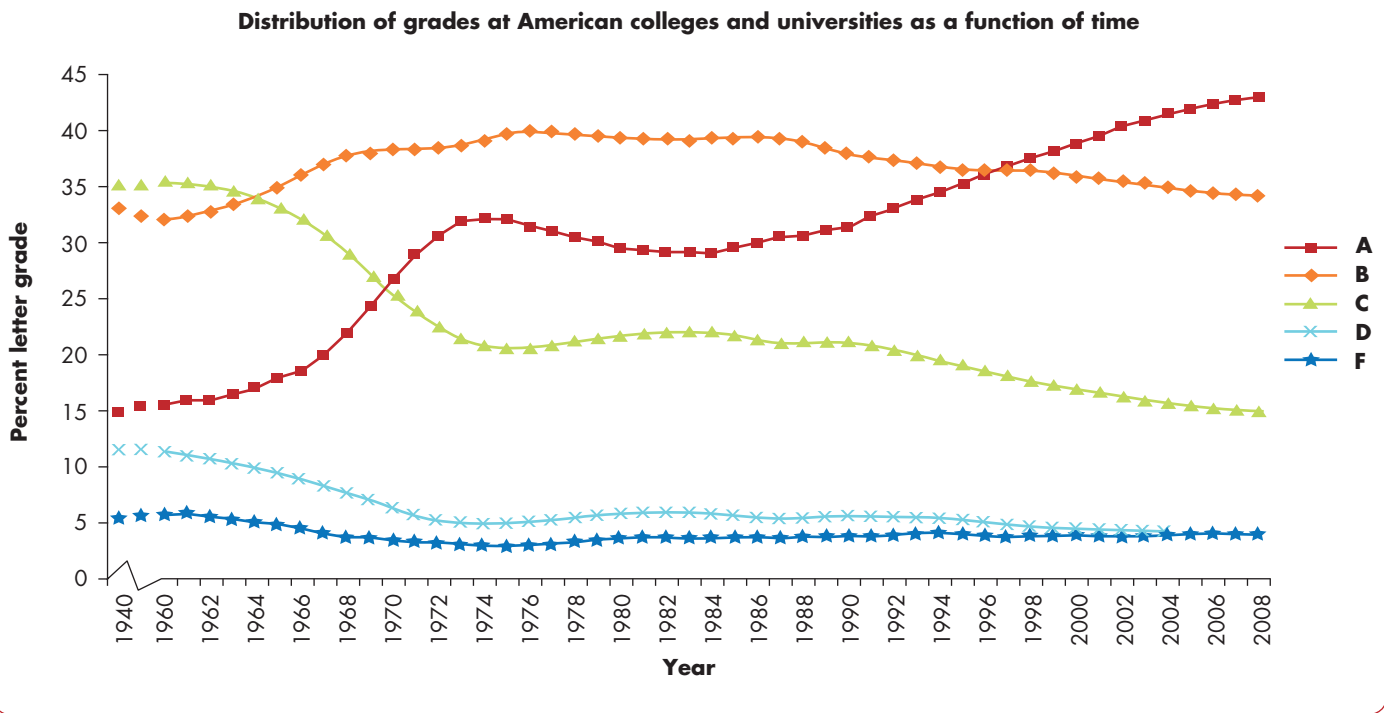
behaviorally anchored rating scales (BARS) *Scales that combine major elements from the critical incident and graphic rating scale approaches. The appraiser rates the employees based on items along a continuum, but the points are examples of actual behavior on the given job rather than general descriptions or traits.*

forced comparison *Method of performance evaluation where an employee’s performance is made in explicit comparison to others (e.g., an employee may rank third out of 10 employees in her work unit.*

group order ranking *An evaluation method that places employees into a particular classification, such as quartiles.*

individual ranking *An evaluation method that rank-orders employees from best to worst.*

Exhibit 17-3 Distribution of Grades at American Colleges and Universities as a Function of Time



Source: Stuart Rojstaczer, Gradeinflation.com. Reprinted with permission.

higher student evaluations. It’s also the case that giving higher grades can help students become more competitive candidates for graduate school and jobs.

In response to grade inflation, some colleges have instituted forced grade distributions, whereby professors must give a certain percentage of A’s, B’s, and C’s. This is exactly what Princeton recently did; each department can now give A’s to no more than 35 percent of its students. Natasha Gopaul, a Princeton senior, commented, “You do feel you might be one of the ones they just cut off.”

Suggestions for Improving Performance Evaluations

- 8 Show how managers can improve performance evaluations.

The performance evaluation process is a potential minefield. Evaluators can unconsciously inflate evaluations (positive leniency), understate performance (negative leniency), or allow the assessment of one characteristic to unduly influence the assessment of others (the halo error). Some appraisers bias their evaluations by unconsciously favoring people who have qualities and traits similar to their own (the similarity error). And, of course, some evaluators see the evaluation process as a political opportunity to overtly reward or punish employees they like or dislike. A review of the literature and several studies on performance appraisals demonstrates that many managers deliberately distort performance ratings in order to maintain a positive relationship with their subordinates or to achieve a positive image of themselves by showing that all their

An Ethical Choice

Recruiting the Unemployed

As the economy has continued to perform poorly since the start of the Great Recession, a large number of individuals have joined the ranks of the long-term unemployed. The difficulties of unemployment are compounded because many employers either overtly or covertly prefer candidates who do not have gaps in their work history. For example, *New York Times* reporter Catherine Rampell found in hundreds of job postings on Monster.com, CareerBuilder, and Craigslist that employers prefer people who are either currently employed or only recently laid off. This makes it extremely difficult for qualified individuals to find work because it constitutes a bias against the unemployed.

Although federal regulators in the Equal Employment Opportunity

Commission have voiced concerns about the practice, unemployment is not a protected status like age, race, or gender. Due to gaps in the law, some states like New Jersey, New York, and Michigan have considered or implemented laws prohibiting advertisements that discourage unemployed workers from applying.

What can employers do to ensure they are giving qualified individuals who have been unemployed a fair shot at open positions? A few principles can help ensure they are recruiting ethically:

1. Always try to evaluate the whole candidate, including prior experience, ability, and personality. Don't get overly focused on a single detail of their employment history.
2. If you are concerned about an employment gap in the résumé, ask about it directly. Don't assume it reflects a lack of initiative or interest in work.
3. Consider offering additional training to those who may have missed out on certain developments in the field during their spell of unemployment. Although it can add expense, your organization might benefit from securing someone other employers would overlook.

Sources: Based on C. Rampell, "The Help-Wanted Sign Comes with a Frustrating Asterisk," *The New York Times* (July 25, 2011), www.nytimes.com; and S. Kelly, "Unemployed Not Wanted? The EEOC Scrutinizes Whether Companies' Recruiting Only Already Employed Applications Could Be Discrimination." *Treasury and Risk* (April 2011), www.treasuryandrisk.com.

employees are performing well.⁶³ Although no protections *guarantee* accurate performance evaluations, the following suggestions can make the process more objective and fair.

Use Multiple Evaluators As the number of evaluators increases, the probability of attaining more accurate information increases, as does the likelihood that the employee will accept the feedback as valid.⁶⁴ We often see multiple evaluators in competitions in such sports as diving and gymnastics. A set of evaluators judges a performance, the highest and lowest scores are dropped, and the final evaluation is made up of those remaining. The logic of multiple evaluators applies to organizations as well. If an employee has had ten supervisors, nine having rated her excellent and one poor, we can safely discount the one poor evaluation. By moving employees around within the organization to gain a number of evaluations, or by using multiple assessors (as in 360-degree appraisals), we increase the probability of achieving more valid and reliable evaluations.

Evaluate Selectively To increase agreement among them, appraisers should evaluate only where they have some expertise.⁶⁵ They should thus be as close as possible, in organizational level, to the individual being evaluated. The more levels that separate them, the less opportunity the evaluator has to observe

the individual's behavior and, not surprisingly, the greater the possibility for inaccuracies.

Train Evaluators If you can't *find* good evaluators, *make* them. Training evaluators can produce more accurate raters.⁶⁶ Most rater training courses emphasize changing the raters' frame of reference by teaching them what to look for, so everyone in the organization defines *good performance* in the same way. Another effective training technique is to encourage raters to describe the employee's behavior in as much detail as possible. Providing more detail encourages raters to remember more about the employee's performance, rather than just acting on their feelings about the employee at the moment.

Provide Employees with Due Process The concept of *due process* can be applied to appraisals to increase the perception that employees are being treated fairly.⁶⁷ Three features characterize due process systems: (1) Individuals are provided with adequate notice of what is expected of them; (2) all evidence relevant to a proposed violation is aired in a fair hearing so the individuals affected can respond; and (3) the final decision is based on the evidence and free of bias.

One technique organizations might consider to enhance due process is posting appraisals online so employees can see their own performance scores exactly as the supervisor enters them. One company that did so found employees believed rater accountability and employee participation were higher when appraisal information was available online prior to appraisal interviews.⁶⁸ It might be that raters were more sensitive to providing accurate ratings when they knew employees would be able to see their own information directly.

Providing Performance Feedback

Few activities are more unpleasant for many managers than providing performance feedback to employees. In fact, unless pressured by organizational policies and controls, managers are likely to ignore this responsibility.

Why? First, even though almost every employee could stand to improve in some areas, managers fear confrontation when presenting negative feedback. Second, many employees do tend to become defensive when their weaknesses are pointed out. Instead of accepting the feedback as constructive and a basis for improving performance, some criticize the manager or redirect blame to someone else. Finally, employees tend to have an inflated assessment of their own performance. Statistically speaking, half of all employees must be below-average performers. But the average employee's estimate of his or her own performance level generally falls around the 75th percentile.⁶⁹ So even when managers are providing good news, employees are likely to perceive it as not good enough.

The solution to the problem is not to ignore it but to train managers to conduct constructive feedback sessions. An effective review—in which the employee perceives the appraisal as fair, the manager as sincere, and the climate as constructive—can leave the employee feeling upbeat, informed about areas needing improvement, and determined to correct them.⁷⁰ It probably won't surprise you that employees in a bad mood are much less likely to take advice than employees in a good mood.⁷¹ Appraisals should also be as specific as possible. People are most likely to overrate their own performance when asked about overall job performance, but they can be more objective when feedback is about a specific area.⁷² It's also hard to figure out how to improve your

performance globally—it's much easier to improve in specific areas. In addition, the performance review should be a counseling activity more than a judgment process, best accomplished by allowing it to evolve from the employee's own self-evaluation.

International Variations in Performance Appraisal

Let's examine performance evaluation globally in the context of four cultural dimensions: individualism/collectivism, a person's relationship to the environment, time orientation, and focus of responsibility.

Individual-oriented cultures such as the United States emphasize formal performance evaluation systems more than informal systems. They advocate written evaluations performed at regular intervals, the results of which managers share with employees and use in the determination of rewards. On the other hand, the collectivist cultures that dominate Asia and much of Latin America are characterized by more informal systems—downplaying formal feedback and disconnecting reward allocations from performance ratings. Some of these differences may be narrowing, however. In Korea, Singapore, and even Japan, the use of performance evaluation has increased dramatically in the past decade, though not always smoothly or without controversy. One survey of Korean employees revealed that a majority questioned the validity of their performance evaluation results.⁷³

One recent study focused on the banking industry found significant differences across countries in performance appraisal practices.⁷⁴ Formal performance appraisals were used more frequently in countries that were high in assertiveness, high in uncertainty avoidance, and low in in-group collectivism. In other words, assertive countries that see performance as an individual responsibility, and that desire certainty about where people stand, were more likely to use formal performance appraisals. On the other hand, in high uncertainty avoidance cultures performance appraisals were also used more frequently for communication and development purposes (as opposed to being used for rewards and promotion). Another study found that individuals who were high in power distance and high in collectivism tend to give more lenient performance appraisals.⁷⁵



SELF-ASSESSMENT LIBRARY

How Good Am I at Giving Performance Feedback?

In the Self-Assessment Library (available on CD and online), take assessment III.A.3 (How Good Am I at Giving Performance Feedback?).

Managing Work–Life Conflicts in Organizations

- 9 Describe how organizations can manage work–family conflicts.

We introduced work–life balance in Chapter 1 and discussed the blurring lines between work life and personal life. Here, we specifically focus on what organizations can do to help employees reduce conflicts.

Work–life conflicts grabbed management's attention in the 1980s, largely as a result of the increased entry into the workforce of women with dependent

children. In response, most major organizations took actions to make their workplaces more family-friendly.⁷⁶ They introduced on-site child care, summer day camps, flextime, job sharing, leaves for school functions, telecommuting, and part-time employment. But organizations quickly realized work–life conflicts were not limited to female employees with children. Male workers and women without children were also facing this problem. Heavy workloads and increased travel demands, for instance, made it increasingly hard for many employees to meet both work and personal responsibilities. A Boston College survey of nearly 1,000 fathers who have professional careers showed that the participants put more importance on job security and flexible, family-friendly working schedules than on high income and advancement opportunities.⁷⁷

Organizations are modifying their workplaces with scheduling options and benefits to accommodate the varied needs of a diverse workforce. Employees at NestléPurina can bring their dogs into the office, SAS Institute has on-site childcare, a health care center, and a fitness center; and other firms offer perks ranging from on-site laundry to food services and free child care.⁷⁸ Exhibit 17-4 lists some initiatives to help employees reduce work–life conflicts.

Time pressures aren't the primary problem underlying these conflicts.⁷⁹ It's the psychological incursion of work into the family domain—and vice versa—when people are worrying about personal problems at work and thinking about work problems at home. So, dad may make it home in time for dinner, but his mind is elsewhere. This suggests organizations should spend less effort helping employees with time-management issues and more helping them clearly segment their lives. Keeping workloads reasonable, reducing work-related travel,

Myth or Science?

“Work Is Making Us Fat”

This statement is true. Let's explain.

Two-thirds of U.S. adults are overweight or even obese, and the changing nature of work is a major reason. Indeed, it might be the main explanation for why obesity has become the number-one public health problem in the United States and many other advanced economies.

Our work has evolved to be more mental than physical. That tends to make it more interesting, but also more sedentary. Why is that a problem? The changes in work are estimated to mean that, on average, workers burn 120 to 150 fewer calories a day than they did 50 years ago. That may not seem like a lot, but it equates to 25 pounds of potential weight gain per year.

Interestingly, research indicates that our physical activity in leisure time hasn't changed much in the past 50 years. So we burn as many calories in nonwork activities as before—it's work that is killing us.

Fifty years ago, about half of all private-sector jobs included some kind of physical labor (farming, mining, construction, manufacturing). Today, fewer than 20 percent do, thanks to the growth of jobs in retailing, information technology, education, and business.

What is the implication? “We need to encourage physical activity even more, especially given that we sit more during the day than we did 100 years ago,” said Keri Gans, a spokesperson for the American Dietetic Association.

Some ways to do that are taking the stairs when you can, parking your car a good distance from work, and going for a walk at lunchtime. And, of course, exercising more off the job. As one expert noted when commenting on the increasingly sedentary nature of work, “We just have to make time for it.”

Sources: T. Parker-Hope, “Sedentary Work Cited as Factor in Rising Obesity,” *The New York Times* (May 26, 2011), pp. A1, A3; A. Gardner, “Sedentary Jobs Helping to Drive Obesity Epidemic,” *US News & World Report* (May 26, 2011), downloaded July 11, 2011, from <http://health.usnews.com/>; and T. S. Church et al., “Trends Over 5 Decades in U.S. Occupation-Related Physical Activity and Their Associations with Obesity,” *PLoS ONE* 6, no. 5 (2011), doi:10.1371/journal.pone.0019657.

Exhibit 17-4 Work–Life Initiatives

Time based strategies	<ul style="list-style-type: none"> • Flextime • Job sharing • Leave for new parents • Transportation • Telecommuting • Paid time off 	<p>At Abbott, 89% of employees held jobs that permitted them to flex their schedules; at Lego 90% of employees do.</p> <p>Cisco provides job-sharing and videoconferencing facilities to minimize needs for travel away from family.</p> <p>Deloitte offers employees 4 unpaid weeks sabbatical, or 3 to 6 partially paid months off to volunteer.</p> <p>Deutsche Bank offers parents 20 days of free backup care per child per year, which they can redeem at local child care centers.</p> <p>At DuPont, 15% of employees telecommute; at Eli Lilly 30% of employees telecommute.</p>
Information based strategies	<ul style="list-style-type: none"> • Work–life support • Relocation assistance • Elder care resources • Counseling services 	<p>Blue Cross Blue Shield of North Carolina provides ParentLife classes and seminars.</p> <p>Capital One provides a networking and counseling group for parents of children with autism.</p> <p>Genetech offers a CareerLab, which provides career counseling, skills workshops, and networking sessions.</p> <p>Hallmark offers employees monthly meetings to talk about career management for women.</p> <p>Johnson and Johnson offers work–life Webinars covering topics like single parenting, fatherhood, and elder care.</p>
Money-based strategies	<ul style="list-style-type: none"> • Insurance subsidies • Flexible benefits • Adoption assistance • Discounts for child care tuition • Direct financial assistance • Domestic partner benefits • Scholarships, tuition reimbursement 	<p>Accenture offers a \$5,000 adoption assistance benefit.</p> <p>Carlson companies offers employees scholarships of up to \$20,000 to attend the University of Minnesota’s Carlson School of Management.</p> <p>Citi employees can save up to \$5,000 per year in pretax dependent care accounts, with a match of up to 30% from the company.</p> <p>Colgate-Palmolive provides up to \$10,000 per year in annual tuition aid for job-related courses.</p> <p>IBM provides medical testing and therapy for children with special needs, up to a lifetime maximum of \$50,000.</p> <p>Prudential employees can receive up to 15% off child care discounts.</p>
Direct services	<ul style="list-style-type: none"> • On-site child care • Fitness center • Summer child care • On-site conveniences • Concierge services • Free or discounted company products 	<p>Allstate and SAS provide on-site child care center at company headquarters.</p> <p>Companies like AOL and Verizon have on-site fitness centers and discounts at gyms nationwide.</p> <p>Bristol-Myers Squibb offers full-time, part-time, and backup care for kids up to age 5, and summer camps for older children.</p> <p>Discovery Communications provides low-cost concierge services to help with to-do lists.</p> <p>Turner Broadcasting has a wellness center at headquarters that provides free exams, vaccinations, allergy shots, and health coaching.</p> <p>REI employees can participate in a program that offers large discounts on company products.</p>
Culture-change strategies	<ul style="list-style-type: none"> • Establishing work–life balanced culture; training managers to help employees deal with work–life conflicts • Tie manager pay to employee satisfaction • Focus on employees’ actual performance, not “face time” 	<p>At American Express, 80% of managers received training on how to supervise employees with flexible work arrangements.</p> <p>Bank of America’s My Work program allows mothers to log in from home or a satellite office.</p> <p>General Mills has a flexibility manager to enhance work–life balance.</p> <p>Pearson developed a Flexible Work Options.</p> <p>Accountability Guide that trains managers in the use of flextime for their employees.</p>

and offering on-site quality child care are examples of practices that can help in this endeavor.

Not surprisingly, people differ in their preference for scheduling options and benefits.⁸⁰ Some prefer organizational initiatives that better segment work from their personal lives, as flextime, job sharing, and part-time hours do by allowing employees to schedule work hours less likely to conflict with personal responsibilities. Others prefer ways to integrate work and personal life, such as on-site child care, gym facilities, and company-sponsored family picnics. On average, though, most people do prefer an organization that provides more support for work–life balance. One study even found that potential employees, particularly women, are more attracted to organizations that have a reputation for supporting employee work–life balance.⁸¹

MyManagementLab

Now that you have finished this chapter, go back to www.mymanagementlab.com to continue practicing and applying the concepts you've learned.

Summary and Implications for Managers

An organization's human resource policies and practices create important forces that shape employee behavior and attitudes. In this chapter, we specifically discussed the influence of selection practices, training and development programs, and performance evaluation systems.

- If properly designed, an organization's selection practices will identify competent candidates and accurately match them to the job and the organization. Although employee selection is far from a science, some organizations fail to design a selection system that can achieve the right person–job fit.
- The most obvious effect of training programs is direct improvement in the skills necessary to successfully complete the job. Increased ability thus improves potential, but whether that potential becomes realized is largely an issue of motivation.
- A second benefit of training is that it increases an employee's self-efficacy—that is, a person's expectation that he or she can successfully execute the behaviors required to produce an outcome (see Chapter 7). Employees with high self-efficacy have strong expectations about their abilities to perform in new situations. They're confident and expect to be successful. Training, then, is a means to positively affect self-efficacy because employees may be more willing to undertake job tasks and exert a high level of effort.
- A major goal of performance evaluation is to assess an individual's performance accurately as a basis for allocating rewards. If evaluation is inaccurate or emphasizes the wrong criteria, employees will be over- or underrewarded. As demonstrated in Chapter 7 in our discussion of equity theory, evaluations perceived as unfair can result in reduced effort, increases in absenteeism, or a search for alternative job opportunities.

Social Media Is a Great Source of New Hires

POINT

Social media sites such as Facebook, LinkedIn, and Twitter, and job boards like Monster.com, are indispensable in today's marketplace for top talent.

It's true that an online presence with social media sites is a good way to sniff out fraud. Studies reveal that 45 percent of today's résumés contain at least one piece of false information. Mining social media sites is great at gaining a fuller—and more accurate—picture of a candidate.

One survey found that today 63 percent of employers use social media sites in recruitment and hiring decisions. Another revealed that 80 percent of employers plan to increase their presence on Facebook and LinkedIn in the future.

Not only can social media sites help you make a more informed selection decisions, they can be a great help in recruiting more and better candidates to apply in the first place. Dawn Mitchell, a recruiter for business software company Red Hat, says it's about "living where the candidates are." She says that nearly all her recent hires have come from social media contacts.

Increasingly, recruiting firms that link applicants to companies are finding social media critical for their business too. "Social media is the heart of everything we do," said Bill Pepler of Kavaliro Staffing Services. "We make numerous job placements that we never would have been able to do without Facebook," he said.

Accenture—the New York-based consulting firm—has mastered the art of using social media in hiring. John Campagnino, Accenture's global director of recruitment, says it has become "a centerpiece of our talent acquisition strategy." Campagnino says that Accenture interacts with potential hires on Facebook, LinkedIn, and Twitter; posts jobs on these sites daily; and creates "talent communities" by joining professional groups.

Hiring without heavy reliance on social media is backward-looking, and a missed opportunity.

COUNTERPOINT

A lot of employers are scaling back their presence on online job boards like Monster.com and social media sites like Facebook and LinkedIn, because there is just too much chaff for the wheat. For example, McLean, Virginia-based Science Applications International Corporate (SAIC) reduced the number of job boards it uses from 15 to 6. SAIC found that it simply wasn't getting to enough of the right candidates early enough to staff its engineering and analyst positions. "We need to reach candidates earlier, before they're being pursued by competitors," the company said.

Paris-owned food services company Sodexo has slashed its online presence in half. Why? Because while recruiting via social media increased the number of applications, nearly all the increase was in unqualified applicants. "Recruiters had to put in all this extra time to read applications but we didn't get benefit from it," said Arie Ball, the company's talent acquisition vice president.

PNC also is scaling back due to the low signal-to-noise ratio. "We used to post everything," said the online banking company. "But you have to think strategically."

There is also the nontrivial issue of mistaken identity. A lot of mistaken hiring decisions have been made because a company used the wrong Facebook or LinkedIn profile. Applicants can post false information on social media sites, too.

Perhaps the biggest issue of all is objectivity. Says one employment expert, "Once an HR recruiter or administrator has been exposed to an applicant's social networking profile, it's difficult to remain objective and consider only the information that is relevant to the job."

Another recruiting manager voiced his skepticism regarding social media: "I'd love to drink the Kool-Aid if it did anything for me."

Sources: J. Light, "Recruiters Rethink Online Playbook," *The Wall Street Journal* (January 18, 2011), p. B7; R. Pyrellis, "The Bait Debate," *Workforce Management* (February 2011), pp. 16–22; and J. Bos, "Five Trends in Employee Screening: Is Your Company Prepared?" *Workforce Management* (March 2010), pp. 28–30.

- The content of the performance evaluation also influences employee performance and satisfaction. Specifically, performance and satisfaction are increased when the evaluation is based on behavioral and results-oriented criteria, when career issues as well as performance issues are discussed, and when the employee has an opportunity to participate in the evaluation.

QUESTIONS FOR REVIEW

- 1 What is *initial selection*? What are the most useful methods?
- 2 What is *substantive selection*? What are the most useful methods?
- 3 What is *contingent selection*? What are the arguments for and against drug testing?
- 4 What are the similarities and differences among the four main types of training?
- 5 What are the similarities and differences between formal and informal training methods?
- 6 What are the similarities and differences between on-the-job and off-the-job training?
- 7 What are the purposes of performance evaluation? What are the methods by which it can be done?
- 8 How can managers improve performance evaluations?
- 9 How can organizations manage work-family conflicts?

EXPERIENTIAL EXERCISE Evaluating Performance and Providing Feedback

Objective

To experience the assessment of performance and observe the provision of performance feedback.

Time

Approximately 30 minutes.

Procedure

Select a class leader—either a volunteer or someone chosen by your instructor. The class leader will preside over the class discussion and perform the role of manager in the evaluation review.

Your instructor will leave the room. The class leader is then to spend up to 15 minutes helping the class to evaluate your instructor. Your instructor understands that this is only a class exercise and is prepared to accept criticism (and, of course, any praise you may want to convey). Your instructor also recognizes that the leader's evaluation is actually a composite of many students' input. So, be open and honest in your evaluation and have confidence that your instructor will not be vindictive.

Research has identified seven performance dimensions to the college instructor's job: (1) instructor knowledge, (2) testing procedures, (3) student-teacher relations, (4) organizational skills, (5) communication skills, (6) subject relevance, and (7) utility of assignments. The discussion of your instructor's performance should focus on these seven dimensions. The leader may want to take notes for personal use but will not be required to give your instructor any written documentation.

When the 15-minute class discussion is complete, the leader will invite the instructor back into the room. The performance review will begin as soon as the instructor walks through the door, with the class leader becoming the manager and the instructor playing himself or herself.

When completed, class discussion will focus on performance evaluation criteria and how well your class leader did in providing performance feedback.

ETHICAL DILEMMA Credit Checking

Is it unethical—or illegal—for a hiring organization to check an applicant's credit history? The Equal

Employment Opportunity Commission (EEOC) seems to think so. It is suing Kaplan Higher Education

Corporation for its use of credit checks, alleging that relying on poor credit histories to reject applicants has adverse impact on minority applicants, with no legitimate purpose justifying its use. Justine Lisser, an EEOC spokesperson, said, “Credit histories were not compiled to show responsibility. They were compiled to show whether or not someone was paying the bills, which is not always the same thing.”

In its defense, Kaplan maintained that it typically conducted credit checks: “The checks are job-related and necessary for our organization to ensure that staffing handling financial matters, including financial aid, are properly screened.”

A 2011 survey of employers revealed that 21 percent conducted credit checks on all applicants. That was up from 15 percent the year before. Two-thirds conduct credit checks on some applicants, up from 61 percent in 2010.

Joey Price, with BL Seamon, thought she had found the perfect candidate for a conference planner position. The candidate was fresh out of college but had experience

planning conferences and a good academic record. But when Price found out that the candidate had multiple car repossessions, extremely high credit card bills, and collection agencies after her, she rejected her. “A credit report doesn’t lie,” Price said.

Questions

1. Do you think organizations should be allowed to investigate applicants’ credit histories in the hiring process? Why or why not?
2. Do you think Seamon’s Joey Price was within her rights to reject the applicant with the poor credit history? Do you think this candidate’s financial problems might be job relevant?
3. Some employers chose to disclose their reasoning to applicants rejected for poor credit. Says one hiring manager, “If a credit check comes back poor, the potential employee has a week to dispute and correct the errors.” What are the advantages and disadvantages of such a policy?

Sources: J. Zappe, “Survey Finds More Companies Credit-Checking Candidates,” *ERE.net* (May 16, 2011), downloaded on July 11, 2011, from www.ere.net/2011/; S. Greenhouse, “Hiring Suit Takes on Bias Based on Credit,” *The New York Times* (December 22, 2010), pp. B1, B4; J. Fairley, “Employers Face Challenges in Screening Candidates,” *Workforce Management* (November 2010), pp. 7–9; and B. Roberts, “Close-Up on Screening,” *HR Magazine* (February 2011), p. 23–29.

CASE INCIDENT 1 The End of the Performance Appraisal?

As we discussed in the chapter, organizations measure employee performance for a variety of reasons, including determining which employees need training, who is performing well enough to earn a performance reward, and who deserves a promotion. Performance appraisal information can also help determine where problems lie in the company’s overall training and selection systems and defend HR decisions such as firings in court.

In light of these multiple uses, it might surprise you to learn that some companies are moving away from formal appraisal processes. Business scholar Jeffery Pfeffer describes how HR managers at companies like Apple had to bribe managers to complete assigned reviews with free tickets to San Francisco Giants games, and the head of HR at SAS received cheers from employees when he had a bonfire to burn performance appraisal forms. Clearly, appraisals are not popular with the managers asked to perform them. Pfeffer notes that the subjective nature of these reviews is troubling to many managers, leading employees to spend much of their time ingratiating themselves with the boss rather than doing their

jobs. Moreover, appraisals put the focus on individual performance rather than on the performance of whole teams. Research conducted by Globoforce found that more than half the 631 survey respondents believed appraisals did not accurately reflect their performance on the job.

So what is the alternative? Zappos now rates employees not on how well they accomplish tasks but rather on how well they embody the company’s core values. This feedback is delivered much more frequently during the year than the traditional annual performance meeting. Nor are the ratings used for disciplinary actions or promotions, though employees who get low scores are invited to take developmental classes to improve the fit between their behavior and the company culture. Apple has also eliminated annual performance reviews as neither timely nor helpful. Other companies have developed performance management software that automates and streamlines a more continuous performance review, allowing employees to track their performance in real time.

Questions

1. Have you ever been through a performance appraisal? Do the reactions to appraisal systems described here match your experience? Why or why not?
2. What are some potential advantages of providing employees with more regular developmental feedback than an annual meeting?
3. Are there potential drawbacks to eliminating conventional performance appraisal systems? What systems would need to be put in place to replace formal appraisals?
4. Would you feel comfortable providing others with performance feedback? What are some of the possible reasons managers often prefer not to give employees critiques of their performance?

Sources: Based on R. Pyrrillis, "Is Your Performance Review Underperforming?" *Workforce Management* (May 2011), pp. 20–25; S. A. Culbert and L. Rout, *Get Rid of the Performance Review!* (New York: Business Plus, 2010); and J. Pfeffer, "Low Grades for Performance Reviews," *BusinessWeek* (August 3, 2009), p. 68.

CASE INCIDENT 2 Job Candidates Without Strong SAT Scores Need Not Apply

Many high school students probably believe that once they get into college, their SAT scores are a thing of the past. However, many job seekers are discovering their would-be employers are asking for their SAT scores as part of the selection process. Donna Chan, a 23-year-old graduate of New York's Wagner College, learned that one of the minimum requirements for many of the entry-level financial services jobs she was seeking was a combined SAT score of 1300. According to the College Board, the organization that administers the exam, the average combined math and verbal score of the freshman class of 2005 (the last class to take the old version of the SAT) was 1028. Donna Chan's score was "in the 1200s"—a good score to be sure, but not good enough to obtain any of the positions she was seeking, even though she earned a 3.9 GPA in college. "I think it's asking a bit much," says Chan. "That's something high school kids have to worry about. After four years of working hard, I think you've paid your dues, and unless you're applying to *Princeton Review* or some math-related, analytical job, I don't see the relevance."

Apparently, however, some recruiters do. Alan Sage, a vice president at systems management software company Configuresoft Inc., says SAT scores are a good predictor of success in his company, and he regularly has applicants submit their scores when applying for sales positions. He set the mark at a combined score of 1200—lower than Donna Chan faced but nonetheless well above average. Says Sage, "In my experience, people with high SAT scores tend to do better." He adds, however, that "we wouldn't exclude someone from an interview if he or she didn't score high." Similarly, Google has used SAT scores to

identify individuals with higher levels of cognitive ability in the hiring process, but it also does not use an absolute cutoff.

Some individuals, such as Kristin Carnahan, a spokesperson for the College Board, feel companies should use other measures of cognitive ability, such as college grades, which are also more recent indicators than SAT scores. Google uses grades in addition to SAT scores because it believes grades reflect motivation and discipline as well as intellectual ability. However, grades aren't standardized across institutions, so they can't be compared like SAT scores can. Grade inflation also may make it more difficult for recruiters to assess an applicant's GPA. Because OB research has shown cognitive ability is a strong predictor of job performance—and the SAT is supposedly a measure of cognitive ability—many companies may continue to use it as a benchmark for job applicants.

Questions

1. Is it fair for hiring organizations to require minimum scores on standardized tests such as the SAT? Why or why not?
2. As a recruiter choosing between two individuals with different SAT scores, would you have difficulty giving the job to the applicant with the lower score? On what additional factors might your choice depend?
3. What other indicators of job performance, besides SAT scores, could you use to screen job applicants? What are the advantages and disadvantages of each?

4. Suppose you worked at a company that used SAT scores for hiring purposes. How would you handle

diverse applicants, such as those from a foreign country who may not have taken the SAT?

Sources: Based on S. Foss, "Background Check—Background Search," *American Chronicle* (July 12, 2007); K. J. Dunham, "Career Journal: More Employers Ask Job Seekers for SAT Scores," *The Wall Street Journal* (October 28, 2003), p. B1; and M. LaChapelle, "Do You Hire People the Google Way?" *Times Union* (July 13, 2011), www.timesunion.com.

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LEARNING OBJECTIVES

After studying this chapter, you should be able to:

- 1 Identify forces that act as stimulants to change, and contrast planned and unplanned change.
- 2 Describe the sources of resistance to change.
- 3 Compare the four main approaches to managing organizational change.
- 4 Demonstrate two ways of creating a culture for change.
- 5 Define *stress*, and identify its potential sources.
- 6 Identify the consequences of stress.
- 7 Contrast the individual and organizational approaches to managing stress.

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Access a host of interactive learning aids to help strengthen your understanding of the chapter concepts at www.mymanagementlab.com.

SWEET CHANGES AT CADBURY?

Hostile takeovers are never easy, especially for those in the company being acquired. But some takeovers are more hostile than others.

Kraft's acquisition of Cadbury is a case in point. After its initial offer to acquire the UK confectioner was deemed "derisory," Kraft sweetened the deal, and Cadbury's CEO declared it "good value for Cadbury shareholders." Cadbury managers and employees, however, continue to have difficulty adjusting to the change.

One problem was the way Kraft handled the acquisition. Shortly after signing the deal, Kraft reneged on its pledge to keep Cadbury's Somerdale, England, plant open. The British, infuriated, demanded that Kraft CEO Irene Rosenfeld appear before Parliament. Rosenfeld refused, saying, it "was not the best use of my personal time." Members of Parliament, in turn, threatened to bring charges of contempt. Rosenfeld retorted: "The continued assault has been somewhat surprising."

The public relations aspect of the plant closing will probably blow over with time. However, a deeper and potentially more serious issue is the difference in cultures between the two organizations.

Kraft, by far the larger, is known for its formal and relatively hierarchical culture. Its meetings tend to be lengthy, with most decisions requiring the approval of top-level executives.

Cadbury was known for its more informal and more egalitarian culture. Its former CEO was often seen on the shop floor talking informally with workers. Its managers felt they were given the autonomy to be creative. Its marketing team won awards for producing the "Cadbury Gorilla" ad (available on YouTube).

Some employees who had been part of Cadbury have complained of Kraft's "Orwellian" management. Cadbury managers complain that Kraft "runs the show with military precision . . . directives or proposals pass through a hierarchy of layers." Says another anonymous manager: "That more entrepreneurial side of things got quashed because there are so many more layers of input and discussion." And according to a former employee, "Cadbury has a cutting edge understanding of the shopper and its retail customers. We spent years building that at Cadbury, and that's been lost."

The *Financial Times* commented: "The tension reaches all levels of former Cadbury staff, from the commercial division to the factory floor." On the other hand, some argue that Cadbury has reacted in a childish manner. *Bloomberg Businessweek* commented, "For many Brits, complaining is a national sport."

Is this a story of culture clash where a sympathetic, entrepreneurial company is devoured by an arrogant, bureaucratic one? Or is it a case of

Organizational Change and Stress Management

18

It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change. —Charles Darwin



Photo: Cadbury workers protesting at Westminster. Source: Jeff Moore/Splash News/Newscom.

employees of a proud, smaller company refusing to adapt to new business conditions and a new culture?

The answer you favor appears to depend upon which side of the Atlantic you reside on.

Sources: L. Lucas, "Cadbury People Still Chewing on Kraft Culture," *Financial Times* (January 15, 2011), p. 13; L. Lucas and A. Rappeport, "Mergers and Acquisitions: A Bitter Taste," *Financial Times* (May 23, 2011), downloaded on July 19, 2011, from www.ft.com/; and M. Scott, "Why Britain Will Survive Kraft's Takeover of Cadbury," *Bloomberg Businessweek* (January 21, 2010), downloaded on July 8, 2011, from www.businessweek.com/.

This chapter is about change and stress. We describe environmental forces that require firms to change, why people and organizations often resist change, and how this resistance can be overcome. We review processes for managing organizational change. Then we move to the topic of stress and its sources and consequences. In closing, we discuss what individuals and organizations can do to better manage stress levels.

First, see how well you handle change by taking the following self-assessment.



SELF-ASSESSMENT LIBRARY

How Well Do I Respond to Turbulent Change?

In the Self-Assessment Library (available on CD and online), take assessment III.C.1 (How Well Do I Respond to Turbulent Change?) and answer the following questions.

1. How did you score? Are you surprised by your score?
2. During what time of your life have you experienced the most change? How did you deal with it? Would you handle these changes in the same way today? Why or why not?
3. Are there ways you might reduce your resistance to change?

Forces for Change

- 1 Identify forces that act as stimulants to change, and contrast planned and unplanned change.

No company today is in a particularly stable environment. Even those with dominant market share must change, sometimes radically. Even though Apple has been successful with its iPad, the growing number of competitors in the field of tablet computers suggests that Apple will need to continually update and innovate to keep ahead of the market.

"Change or die!" is thus the rallying cry among today's managers worldwide. Exhibit 18-1 summarizes six specific forces stimulating change.

In a number of places in this book, we've discussed the *changing nature of the workforce*. Almost every organization must adjust to a multicultural environment, demographic changes, immigration, and outsourcing. *Technology* is continually changing jobs and organizations. It is not hard to imagine the very idea of an office becoming an antiquated concept in the near future.

The housing and financial sectors recently have experienced extraordinary *economic shocks*, leading to the elimination, bankruptcy, or acquisition of some of

Exhibit 18-1 Forces for Change

Force	Examples
Nature of the workforce	More cultural diversity Aging population Increased immigration and outsourcing
Technology	Faster, cheaper, and more mobile computers and handheld devices Emergence and growth of social networking sites Deciphering of the human genetic code
Economic shocks	Rise and fall of global housing market Financial sector collapse Global recession
Competition	Global competitors Mergers and consolidations Increased government regulation of commerce
Social trends	Increased environmental awareness Liberalization of attitudes toward gay, lesbian, and transgender employees More multitasking and connectivity
World politics	Rising health care costs Negative social attitudes toward business and executives Opening of markets in China

the best-known U.S. companies, including Bear Stearns, Merrill Lynch, Lehman Brothers, Countrywide Financial, Washington Mutual, and Ameriquest. Tens of thousands of jobs were lost and may never return. After years of declining numbers of bankruptcies, the global recession caused the bankruptcy of auto manufacturers General Motors and Chrysler, retailers Borders and Sharper Image, and myriad other organizations.

Competition is changing. Competitors are as likely to come from across the ocean as from across town. Successful organizations will be fast on their feet, capable of developing new products rapidly and getting them to market quickly. In other words, they'll be flexible and will require an equally flexible and responsive workforce. Increasingly, in the United States and Europe, the government regulates business practices, including executive pay.

Social trends don't remain static either. Consumers who are otherwise strangers now meet and share product information in chat rooms and blogs. Companies must continually adjust product and marketing strategies to be sensitive to changing social trends, as Liz Claiborne did when it sold off fashion brands (such as Ellen Tracy), deemphasized large vendors such as Macy's, and streamlined operations and cut staff. Consumers, employees, and organizational leaders are more sensitive to environmental concerns. "Green" practices are quickly becoming expected rather than optional.

Not even globalization's strongest proponents could have imagined how *world politics* would change in recent years. We've seen a major set of financial crises that have rocked global markets, a dramatic rise in the power and influence of China, and dramatic shakeups in government across the Arab world. Throughout the industrialized world, businesses—particularly in the banking and financial sectors—have come under new scrutiny.

Planned Change

A group of housekeeping employees who work for a small hotel confronted the owner: “It’s very hard for most of us to maintain rigid 7-to-4 work hours,” said their spokeswoman. “Each of us has significant family and personal responsibilities. And rigid hours don’t work for us. We’re going to begin looking for someplace else to work if you don’t set up flexible work hours.” The owner listened thoughtfully to the group’s ultimatum and agreed to its request. The next day, a flextime plan for these employees was introduced.

A major automobile manufacturer spent several billion dollars to install state-of-the-art robotics. One area that would receive the new equipment was quality control, where sophisticated computers would significantly improve the company’s ability to find and correct defects. Because the new equipment would dramatically change the jobs in the quality-control area, and because management anticipated considerable employee resistance to it, executives were developing a program to help people become familiar with it and deal with any anxieties they might be feeling.

Both these scenarios are examples of **change**, or making things different. However, only the second scenario describes a **planned change**. Many changes are like the one that occurred at the hotel: they just happen. Some organizations treat all change as an accidental occurrence. In this chapter, we address change as an intentional, goal-oriented activity.

What are the goals of planned change? First, it seeks to improve the ability of the organization to adapt to changes in its environment. Second, it seeks to change employee behavior.

Who in organizations is responsible for managing change activities? The answer is **change agents**.¹ They see a future for the organization that others have not identified, and they are able to motivate, invent, and implement this vision. Change agents can be managers or nonmanagers, current or new employees, or outside consultants.

DuPont has two primary change agents in CEO Ellen Kullman and Chief Innovation Officer Thomas Connelly.² Taking the reins of the company in 2010, Kullman has pushed the organization toward a higher level of achievement by focusing on a principle Connelly calls “launch hard and ramp fast.” This means the organization will seek to derive as much of its revenues from new products as possible. The goal is to move DuPont from a comparatively placid culture to one that focuses on market-driven science and delivers products customers need. The process has not always been easy, but it is necessary to keep DuPont ahead of the competitive marketplace.

Many change agents fail because organizational members resist change. In the next section, we discuss resistance to change and what managers can do about it.

Source: Emmanuel Dunand/AFP/Getty Images/Newscom.



Jeff Bezos is the change agent at Amazon.com. He founded the company as an online bookstore in 1994 and then built it into the largest retailer on the Web that sells everything from groceries to electronics. Amazon changed from a seller of electronics to also become a product developer when it created the Kindle reading device and the Kindle service for downloading books in less than 60 seconds. In his drive for change at Amazon, Bezos combines a long-term orientation with identifying a customer need. Bezos is shown here unveiling the Kindle DX, a large-screen version of the original Kindle designed for reading newspapers, magazines, and textbooks.

Resistance to Change

- 2 Describe the sources of resistance to change.

Our egos are fragile, and we often see change as threatening. One recent study showed that even when employees are shown data that suggest they need to change, they latch onto whatever data they can find that suggests they are okay and don’t need to change.³ Employees who have negative feelings about a

MyManagementLab

For an interactive application of this topic, check out this chapter's simulation activity at www.mymanagementlab.com.

change cope by not thinking about it, increasing their use of sick time, and quitting. All these reactions can sap the organization of vital energy when it is most needed.⁴

Resistance to change can be positive if it leads to open discussion and debate.⁵ These responses are usually preferable to apathy or silence and can indicate that members of the organization are engaged in the process, providing change agents an opportunity to explain the change effort. Change agents can also use resistance to modify the change to fit the preferences of other members of the organization. When they treat resistance only as a threat, rather than a point of view to be discussed, they may increase dysfunctional conflict.

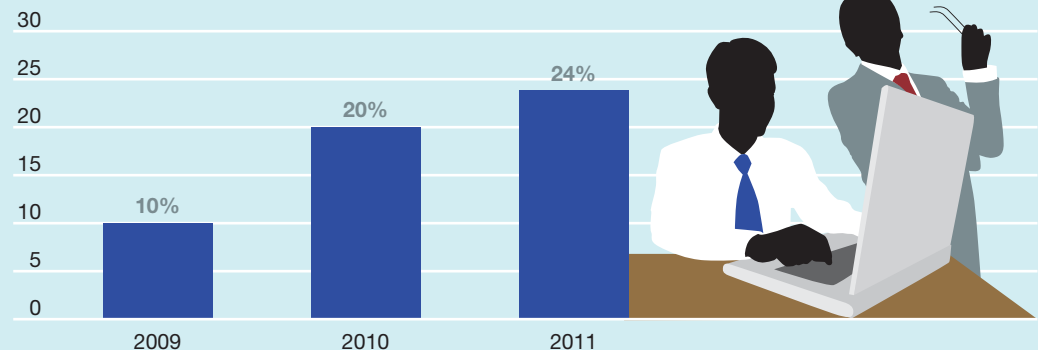
Resistance doesn't necessarily surface in standardized ways. It can be overt, implicit, immediate, or deferred. It's easiest for management to deal with overt and immediate resistance, such as complaints, a work slowdown, or a strike threat. The greater challenge is managing resistance that is implicit or deferred. These responses—loss of loyalty or motivation, increased errors or absenteeism—are more subtle and more difficult to recognize for what they are. Deferred actions also cloud the link between the change and the reaction to it and may surface weeks, months, or even years later. Or a single change of little inherent impact may be the straw that breaks the camel's back because resistance to earlier changes has been deferred and stockpiled.

Exhibit 18-2 summarizes major forces for resistance to change, categorized by their sources. Individual sources reside in human characteristics such as perceptions, personalities, and needs. Organizational sources reside in the structural makeup of organizations themselves.

It's worth noting that not all change is good. Speed can lead to bad decisions, and sometimes those initiating change fail to realize the full magnitude of the effects or their true costs. Rapid, transformational change is risky, and

OB Poll Rising Risks of Social Networking at Work

Percentage of organizations that have disciplined an employee for activities on Facebook, LinkedIn, or Twitter



Source: Based on J. Yang and P. Trap, "Society for Human Resource Management Survey," *USA Today* (June 2, 2011), p. 1B.

change *Making things different.*

planned change *Change activities that are intentional and goal oriented.*

change agents *Persons who act as catalysts and assume the responsibility for managing change activities.*

Exhibit 18-2 Sources of Resistance to Change

Individual Sources

Habit—To cope with life's complexities, we rely on habits or programmed responses. But when confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance.

Security—People with a high need for security are likely to resist change because it threatens their feelings of safety.

Economic factors—Changes in job tasks or established work routines can arouse economic fears if people are concerned that they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

Fear of the unknown—Change substitutes ambiguity and uncertainty for the unknown.

Selective information processing—Individuals are guilty of selectively processing information in order to keep their perceptions intact. They hear what they want to hear, and they ignore information that challenges the world they've created.

Organizational Sources

Structural inertia—Organizations have built-in mechanisms—such as their selection processes and formalized regulations—to produce stability. When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability.

Limited focus of change—Organizations consist of a number of interdependent subsystems. One can't be changed without affecting the others. So limited changes in subsystems tend to be nullified by the larger system.

Group inertia—Even if individuals want to change their behavior, group norms may act as a constraint.

Threat to expertise—Changes in organizational patterns may threaten the expertise of specialized groups.

Threat to established power relationships—Any redistribution of decision-making authority can threaten long-established power relationships within the organization.

some organizations have collapsed for this reason.⁶ Change agents need to carefully think through the full implications.

Overcoming Resistance to Change

Eight tactics can help change agents deal with resistance to change.⁷ Let's review them briefly.

Education and Communication Communicating the logic of a change can reduce employee resistance on two levels. First, it fights the effects of misinformation and poor communication: if employees receive the full facts and clear up misunderstandings, resistance should subside. Second, communication can help “sell” the need for change by packaging it properly.⁸ A study of German companies revealed changes are most effective when a company communicates a rationale that balances the interests of various stakeholders (shareholders, employees, community, customers) rather than those of shareholders only.⁹ Another study of a changing organization in the Philippines found that formal change information sessions decreased employee anxiety about the change, while providing high-quality information about the change increased commitment to it.¹⁰

Participation It's difficult to resist a change decision in which we've participated. Assuming participants have the expertise to make a meaningful

contribution, their involvement can reduce resistance, obtain commitment, and increase the quality of the change decision. However, against these advantages are the negatives: potential for a poor solution and great consumption of time.

Building Support and Commitment When employees' fear and anxiety are high, counseling and therapy, new-skills training, or a short paid leave of absence may facilitate adjustment. When managers or employees have low emotional commitment to change, they favor the status quo and resist it.¹¹ Employees are also more accepting of changes when they are committed to the organization as a whole.¹² So, firing up employees and emphasizing their commitment to the organization overall can also help them emotionally commit to the change rather than embrace the status quo.

Develop Positive Relationships People are more willing to accept changes if they trust the managers implementing them.¹³ One study surveyed 235 employees from a large housing corporation in the Netherlands that was experiencing a merger. Those who had a more positive relationship with their supervisors, and who felt that the work environment supported development, were much more positive about the change process.¹⁴ Another set of studies found that individuals who were dispositionally resistant to change felt more positive about the change if they trusted the change agent.¹⁵ This research suggests that if managers are able to facilitate positive relationships, they may be able to overcome resistance to change even among those who ordinarily don't like changes.

Implementing Changes Fairly One way organizations can minimize negative impact is to make sure change is implemented fairly. As we saw in Chapter 7, procedural fairness is especially important when employees perceive an outcome as negative, so it's crucial that employees see the reason for the change and perceive its implementation as consistent and fair.¹⁶

Manipulation and Cooptation *Manipulation* refers to covert influence attempts. Twisting facts to make them more attractive, withholding information, and creating false rumors to get employees to accept change are all examples of manipulation. If management threatens to close a manufacturing plant whose employees are resisting an across-the-board pay cut, and if the threat is actually untrue, management is using manipulation. *Cooptation*, on the other hand, combines manipulation and participation. It seeks to "buy off" the leaders of a resistance group by giving them a key role, seeking their advice not to find a better solution but to get their endorsement. Both manipulation and cooptation are relatively inexpensive ways to gain the support of adversaries, but they can backfire if the targets become aware they are being tricked or used. Once that's discovered, the change agent's credibility may drop to zero.

Selecting People Who Accept Change Research suggests the ability to easily accept and adapt to *change* is related to personality—some people simply have more positive attitudes about change than others.¹⁷ Such individuals are open to experience, take a positive attitude toward change, are willing to take risks, and are flexible in their behavior. One study of managers in the United States, Europe, and Asia found those with a positive self-concept and high risk tolerance coped better with organizational change. A study of 258 police officers found those higher in growth-needs strength, internal locus of control, and internal work motivation had more positive attitudes about organizational change efforts.¹⁸ Individuals higher in general mental ability are also better able

to learn and adapt to changes in the workplace.¹⁹ In sum, an impressive body of evidence shows organizations can facilitate change by selecting people predisposed to accept it.

Besides selecting individuals who are willing to accept changes, it is also possible to select teams that are more adaptable. Studies have shown that teams that are strongly motivated by learning about and mastering tasks are better able to adapt to changing environments.²⁰ This research suggests that it may be necessary to consider not just individual motivation, but also group motivation when trying to implement changes.

Coercion Last on the list of tactics is *coercion*, the application of direct threats or force on the resisters. If management really is determined to close a manufacturing plant whose employees don't acquiesce to a pay cut, the company is using coercion. Other examples are threats of transfer, loss of promotions, negative performance evaluations, and a poor letter of recommendation. The advantages and drawbacks of coercion are approximately the same as for manipulation and cooptation.

The Politics of Change

No discussion of resistance would be complete without a brief mention of the politics of change. Because change invariably threatens the status quo, it inherently implies political activity.

Politics suggests the impetus for change is more likely to come from outside change agents, employees new to the organization (who have less invested in the status quo), or managers slightly removed from the main power structure. Managers who have spent their entire careers with a single organization and achieved a senior position in the hierarchy are often major impediments to change. It is a very real threat to their status and position. Yet they may be expected to implement changes to demonstrate they're not merely caretakers. By acting as change agents, they can convey to stockholders, suppliers, employees, and customers that they are addressing problems and adapting to a dynamic environment. Of course, as you might guess, when forced to introduce change, these longtime power holders tend to implement incremental changes. Radical change is too threatening. This explains why boards of directors that recognize the imperative for rapid and radical change frequently turn to outside candidates for new leadership.²¹

Approaches to Managing Organizational Change

- 3** Compare the four main approaches to managing organizational change.

Now we turn to several approaches to managing change: Lewin's classic three-step model of the change process, Kotter's eight-step plan, action research, and organizational development.

Lewin's Three-Step Model

Kurt Lewin argued that successful change in organizations should follow three steps: **unfreezing** the status quo, **movement** to a desired end state, and **refreezing** the new change to make it permanent.²² (See Exhibit 18-3.)

The status quo is an equilibrium state. To move from equilibrium—to overcome the pressures of both individual resistance and group conformity—unfreezing

Exhibit 18-3 Lewin's Three-Step Change Model

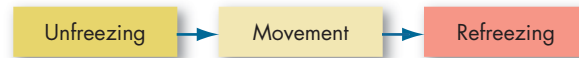
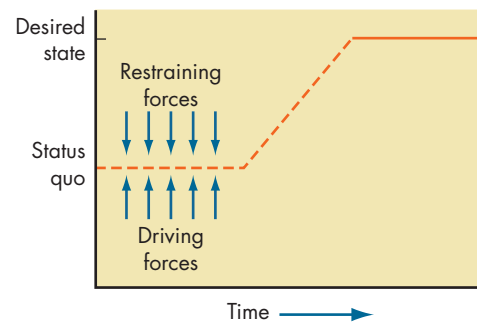


Exhibit 18-4 Unfreezing the Status Quo



must happen in one of three ways (see Exhibit 18-4.) The **driving forces**, which direct behavior away from the status quo, can be increased. The **restraining forces**, which hinder movement away from equilibrium, can be decreased. A third alternative is to combine the first two approaches. Companies that have been successful in the past are likely to encounter restraining forces because people question the need for change.²³ Similarly, research shows that companies with strong cultures excel at incremental change but are overcome by restraining forces against radical change.²⁴

Consider a large oil company that decided to consolidate its three divisional marketing offices in Seattle, San Francisco, and Los Angeles into a single regional San Francisco office. The decision was made in New York and the people affected had no say whatsoever in the choice. The reorganization meant transferring more than 150 employees, eliminating some duplicate managerial positions, and instituting a new hierarchy of command.

The oil company's management could expect employee resistance to the consolidation. Those in Seattle or Los Angeles may not want to transfer to another city, pull youngsters out of school, make new friends, adapt to new co-workers, or undergo the reassignment of responsibilities. Positive incentives such as pay increases, liberal moving expenses, and low-cost mortgage funds for new homes in San Francisco might encourage employees to accept the change. Management might also unfreeze acceptance of the status quo by removing restraining forces. It could counsel employees individually, hearing and clarifying each employee's specific concerns and apprehensions. Assuming most are

unfreezing Changing to overcome the pressures of both individual resistance and group conformity.

movement A change process that transforms the organization from the status quo to a desired end state.

refreezing Stabilizing a change intervention by balancing driving and restraining forces.

driving forces Forces that direct behavior away from the status quo.

restraining forces Forces that hinder movement from the existing equilibrium.

unjustified, the counselor could assure employees there was nothing to fear and offer tangible evidence that restraining forces are unwarranted. If resistance is extremely high, management may have to resort to both reducing resistance and increasing the attractiveness of the alternative if the unfreezing is to be successful.

Research on organizational change has shown that, to be effective, the actual change has to happen quickly.²⁵ Organizations that build up to change do less well than those that get to and through the movement stage quickly.

Once change has been implemented, to be successful the new situation must be refrozen so it can be sustained over time. Without this last step, change will likely be short-lived and employees will attempt to revert to the previous equilibrium state. The objective of refreezing, then, is to stabilize the new situation by balancing the driving and restraining forces.

How could the oil company's management refreeze its consolidation change? By systematically replacing temporary forces with permanent ones. Management might impose a permanent upward adjustment of salaries. The formal rules and regulations governing behavior of those affected by the change should also be revised to reinforce the new situation. Over time, of course, the work group's own norms will evolve to sustain the new equilibrium. But until that point is reached, management will have to rely on more formal mechanisms.

Kotter's Eight-Step Plan for Implementing Change

John Kotter of the Harvard Business School built on Lewin's three-step model to create a more detailed approach for implementing change.²⁶ Kotter began by listing common mistakes managers make when trying to initiate change. They may fail to create a sense of urgency about the need for change, to create a coalition for managing the change process, to have a vision for change and effectively communicate it, to remove obstacles that could impede the vision's achievement, to provide short-term and achievable goals, and to anchor the changes into the organization's culture. They may also declare victory too soon.

Kotter then established eight sequential steps to overcome these problems. They're listed in Exhibit 18-5.

Notice how Kotter's first four steps essentially extrapolate Lewin's "unfreezing" stage. Steps 5, 6 and 7 represent "movement," and the final step works on

Exhibit 18-5 Kotter's Eight-Step Plan for Implementing Change

1. Establish a sense of urgency by creating a compelling reason for why change is needed.
2. Form a coalition with enough power to lead the change.
3. Create a new vision to direct the change and strategies for achieving the vision.
4. Communicate the vision throughout the organization.
5. Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.
6. Plan for, create, and reward short-term "wins" that move the organization toward the new vision.
7. Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.
8. Reinforce the changes by demonstrating the relationship between new behaviors and organizational success.

“refreezing.” So Kotter’s contribution lies in providing managers and change agents with a more detailed guide for successfully implementing change.

Action Research

Action research is a change process based on the systematic collection of data and selection of a change action based on what the analyzed data indicate.²⁷ Its value is in providing a scientific methodology for managing planned change. Action research consists of five steps (note how they closely parallel the scientific method): diagnosis, analysis, feedback, action, and evaluation.

The change agent, often an outside consultant in action research, begins by gathering information about problems, concerns, and needed changes from members of the organization. This *diagnosis* is analogous to the physician’s search to find specifically what ails a patient. In action research, the change agent asks questions, reviews records, and interviews employees and listens to their concerns.

Diagnosis is followed by *analysis*. What problems do people key in on? What patterns do these problems seem to take? The change agent synthesizes this information into primary concerns, problem areas, and possible actions.

Action research requires the people who will participate in any change program to help identify the problem and determine the solution. So the third step—*feedback*—requires sharing with employees what has been found from the first and second steps. The employees, with the help of the change agent, develop action plans for bringing about any needed change.

Now the *action* part of action research is set in motion. The employees and the change agent carry out the specific actions they have identified to correct the problem.

The final step, consistent with the scientific underpinnings of action research, is *evaluation* of the action plan’s effectiveness, using the initial data gathered as a benchmark.

Action research provides at least two specific benefits. First, it’s problem focused. The change agent objectively looks for problems, and the type of problem determines the type of change action. Although this may seem intuitively obvious, many change activities are not handled this way. Rather, they’re solution centered. The change agent has a favorite solution—for example, implementing flextime, teams, or a process reengineering program—and then seeks out problems that the solution fits.

Second, because action research engages employees so thoroughly in the process, it reduces resistance to change. Once employees have actively participated in the feedback stage, the change process typically takes on a momentum of its own under their sustained pressure to bring it about.

Organizational Development

Organizational development (OD) is a collection of change methods that try to improve organizational effectiveness and employee well-being.²⁸

OD methods value human and organizational growth, collaborative and participative processes, and a spirit of inquiry.²⁹ Contemporary OD borrows

action research A change process based on systematic collection of data and then selection of a change action based on what the analyzed data indicate.

organizational development (OD) A collection of planned change interventions, built on humanistic–democratic values, that seeks to improve organizational effectiveness and employee well-being.

These retirement center employees participate in a simulated training program to help them understand the diminishing abilities of the older population that is growing in developing nations worldwide. While wearing glasses that blurred their vision, they collaborated in an activity of devising a driving route.

Called Xtreme Aging, the training program has become a regular part of many nursing and medical school curricula and corporate training programs and is designed to help participants grow in their understanding of and sensitivity to the needs of older customers and fellow workers.



Source: Kirk Irwin/The New York Times/Redux Pictures.

heavily from postmodern philosophy in placing heavy emphasis on the subjective ways in which people see their environment. The focus is on how individuals make sense of their work environment. The change agent may take the lead in OD, but there is a strong emphasis on collaboration. These are the underlying values in most OD efforts:

1. **Respect for people.** Individuals are perceived as responsible, conscientious, and caring. They should be treated with dignity and respect.
2. **Trust and support.** An effective and healthy organization is characterized by trust, authenticity, openness, and a supportive climate.
3. **Power equalization.** Effective organizations deemphasize hierarchical authority and control.
4. **Confrontation.** Problems should be openly confronted, not swept under the rug.
5. **Participation.** The more engaged in the decisions they are, the more people affected by a change will be committed to implementing them.

What are some OD techniques or interventions for bringing about change? Here are six.

Sensitivity Training A variety of names—**sensitivity training**, laboratory training, encounter groups, and T-groups (training groups)—all refer to an early method of changing behavior through unstructured group interaction.³⁰ Members were brought together in a free and open environment in which participants discuss themselves and their interactive processes, loosely directed by a professional behavioral scientist who created the opportunity to express ideas, beliefs, and attitudes without taking any leadership role. The group was process-oriented, which means individuals learned through observing and participating rather than being told.

Many participants found these unstructured groups intimidating, chaotic, and damaging to work relationships. Although extremely popular in the 1960s, they diminished in use during the 1970s and have essentially disappeared. However, organizational interventions such as diversity training, executive coaching, and team-building exercises are descendants of this early OD intervention technique.

Survey Feedback One tool for assessing attitudes held by organizational members, identifying discrepancies among member perceptions, and solving these differences is the **survey feedback** approach.³¹

Everyone in an organization can participate in survey feedback, but of key importance is the organizational “family”—the manager of any given unit and the employees who report directly to him or her. All usually complete a questionnaire about their perceptions and attitudes on a range of topics, including decision-making practices; communication effectiveness; coordination among units; and satisfaction with the organization, job, peers, and immediate supervisor.

Data from this questionnaire are tabulated with data pertaining to an individual’s specific “family” and to the entire organization and then distributed to employees. These data become the springboard for identifying problems and clarifying issues that may be creating difficulties for people. Particular attention is given to encouraging discussion and ensuring it focuses on issues and ideas and not on attacking individuals. For instance, are people listening? Are new ideas being generated? Can decision making, interpersonal relations, or job assignments be improved? Answers should lead the group to commit to various remedies for the problems identified.

Process Consultation Managers often sense their unit’s performance can be improved but are unable to identify what to improve and how. The purpose of **process consultation (PC)** is for an outside consultant to assist a client, usually a manager, “to perceive, understand, and act upon process events” with which the manager must deal.³² These events might include work flow, informal relationships among unit members, and formal communication channels.

PC is similar to sensitivity training in assuming we can improve organizational effectiveness by dealing with interpersonal problems and in emphasizing involvement. But PC is more task directed, and consultants are there to “give the client ‘insight’ into what is going on around him, within him, and between him and other people.”³³ They do not solve the organization’s problems but rather guide or coach the client to solve his or her own problems after *jointly* diagnosing what needs improvement. The client develops the skill to analyze processes within his or her unit and can continue to call on it long after the consultant is gone. Because the client actively participates in both the diagnosis and the development of alternatives, he or she arrives at greater understanding of the process and the remedy and is less resistant to the action plan chosen.

Team Building We’ve noted throughout this book that organizations increasingly rely on teams to accomplish work tasks. **Team building** uses high-interaction group activities to increase trust and openness among team members, improve coordinative efforts, and increase team performance.³⁴ Here, we emphasize the intragroup level, meaning organizational families (command groups) as well as committees, project teams, self-managed teams, and task groups.

sensitivity training *Training groups that seek to change behavior through unstructured group interaction.*

survey feedback *The use of questionnaires to identify discrepancies among member perceptions; discussion follows, and remedies are suggested.*

process consultation (PC) *A meeting in which a consultant assists a client in understanding process events with which he or she must deal and identifying processes that need improvement.*

team building *High interaction among team members to increase trust and openness.*

ServiceMaster, a provider of lawn care, cleaning, disaster restoration, and other services, is a sponsoring company of Habitat for Humanity.

As a sponsor, ServiceMaster provides employee volunteers and the funds to buy building materials for constructing homes for families in need. For ServiceMaster, the building project also serves as a team-building activity, with employees spending their workdays at the building site rather than on their regular jobs. Serving as a high-interaction group activity, the Habitat build increases trust and openness among employees and translates into better communication and greater cooperation in the workplace.



Source: c51ZUMA Press/Newscom.

Team building typically includes goal-setting, development of interpersonal relations among team members, role analysis to clarify each member's role and responsibilities, and team process analysis. It may emphasize or exclude certain activities, depending on the purpose of the development effort and the specific problems with which the team is confronted. Basically, however, team building uses high interaction among members to increase trust and openness.

Intergroup Development A major area of concern in OD is dysfunctional conflict among groups. **Intergroup development** seeks to change groups' attitudes, stereotypes, and perceptions about each other. Here, training sessions closely resemble diversity training (in fact, diversity training largely evolved from intergroup development in OD), except rather than focusing on demographic differences, they focus on differences among occupations, departments, or divisions within an organization.

In one company, the engineers saw the accounting department as composed of shy and conservative types and the human resources department as having a bunch of "ultra-liberals more concerned that some protected group of employees might get their feelings hurt than with the company making a profit." Such stereotypes can have an obvious negative impact on coordination efforts among departments.

Among several approaches for improving intergroup relations, a popular one emphasizes problem solving.³⁵ Each group meets independently to list its perceptions of itself and of the other group and how it believes the other group perceives it. The groups share their lists, discuss similarities and differences, and look for the causes of disparities. Are the groups' goals at odds? Were perceptions distorted? On what basis were stereotypes formulated? Have some differences been caused by misunderstanding of intentions? Have words and concepts been defined differently by each group? Answers to questions like these clarify the exact nature of the conflict.

Once they have identified the causes of the difficulty, the groups move to the integration phase—developing solutions to improve relations between them.

Subgroups can be formed of members from each of the conflicting groups to conduct further diagnosis and formulate alternative solutions.

Appreciative Inquiry Most OD approaches are problem centered. They identify a problem or set of problems, then look for a solution. **Appreciative inquiry (AI)** instead accentuates the positive.³⁶ Rather than looking for problems to fix, it seeks to identify the unique qualities and special strengths of an organization, which members can build on to improve performance. That is, AI focuses on an organization's successes rather than its problems.

The AI process consists of four steps—discovery, dreaming, design, and discovery—often played out in a large-group meeting over a 2- or 3-day time period and overseen by a trained change agent. *Discovery* sets out to identify what people think are the organization's strengths. Employees recount times they felt the organization worked best or when they specifically felt most satisfied with their jobs. In *dreaming*, employees use information from the discovery phase to speculate on possible futures, such as what the organization will be like in 5 years. In *design*, participants find a common vision of how the organization will look in the future and agree on its unique qualities. For the fourth step, participants seek to define the organization's *destiny* or how to fulfill their dream, and they typically write action plans and develop implementation strategies.

AI has proven an effective change strategy in organizations such as GTE, Roadway Express, and the U.S. Navy. American Express used AI to revitalize its culture during a lean economy. In workshops, employees described how they already felt proud of working at American Express and were encouraged to create a change vision by describing how it could be better in the future. The efforts led to some very concrete improvements. Senior managers were able to use employees' information to better their methods of making financial forecasts, improve IT investments, and create new performance-management tools for managers. The end result was a renewed culture focused on winning attitudes and behaviors.³⁷

Creating a Culture for Change

- 4 Demonstrate two ways of creating a culture for change.

We've considered how organizations can *adapt* to change. But recently, some OB scholars have focused on a more proactive approach—how organizations can *embrace* change by transforming their cultures. In this section, we review two such approaches: stimulating an innovative culture and creating a learning organization.

Stimulating a Culture of Innovation

How can an organization become more innovative? An excellent model is W. L. Gore, the \$2.6-billion-per-year company best known as the maker of Gore-Tex fabric.³⁸ Gore has developed a reputation as one of the most innovative

intergroup development OD efforts to change the attitudes, stereotypes, and perceptions that groups have of each other.

appreciative inquiry (AI) An approach that seeks to identify the unique qualities and special strengths of an organization, which can then be built on to improve performance.

U.S. companies by developing a stream of diverse products—including guitar strings, dental floss, medical devices, and fuel cells.

What's the secret of Gore's success? What can other organizations do to duplicate its track record for innovation? Although there is no guaranteed formula, certain characteristics surface repeatedly when researchers study innovative organizations. We've grouped them into structural, cultural, and human resource categories. Change agents should consider introducing these characteristics into their organization to create an innovative climate. Before we look at these characteristics, however, let's clarify what we mean by innovation.

Definition of Innovation We said change refers to making things different. **Innovation**, a more specialized kind of change, is a new idea applied to initiating or improving a product, process, or service.³⁹ So all innovations imply change, but not all changes necessarily introduce new ideas or lead to significant improvements. Innovations can range from small incremental improvements, such as netbook computers, to radical breakthroughs, such as Nissan's electric Leaf car.

Sources of Innovation *Structural variables* have been the most studied potential source of innovation.⁴⁰ A comprehensive review of the structure–innovation relationship leads to the following conclusions:⁴¹

1. Organic structures positively influence innovation. Because they're lower in vertical differentiation, formalization, and centralization, organic organizations facilitate the flexibility, adaptation, and cross-fertilization that make the adoption of innovations easier.
2. Long tenure in management is associated with innovation. Managerial tenure apparently provides legitimacy and knowledge of how to accomplish tasks and obtain desired outcomes.
3. Innovation is nurtured when there are slack resources. Having an abundance of resources allows an organization to afford to purchase innovations, bear the cost of instituting them, and absorb failures.

Innovation is a specialized kind of change whereby a new idea is applied to initiating or improving a product, process, or service. Twitter, for example, is an innovation in the distribution of information. Twitter's founders Evan Williams (left) and Biz Stone shown in this photo along with Jack Dorsey launched their new communication tool for sending 140-character messages, or tweets, from a computer or mobile device. As a social network, Twitter allows users to have live digital conversations. By using Twitter's search feature, users can have a real-time view into other people's conversations.



Source: Peter Dastilva/The New York Times/Redux.

4. Interunit communication is high in innovative organizations.⁴² These organizations are high users of committees, task forces, cross-functional teams, and other mechanisms that facilitate interaction across departmental lines.

Innovative organizations tend to have similar *cultures*. They encourage experimentation. They reward both successes and failures. They celebrate mistakes. Unfortunately, in too many organizations, people are rewarded for the absence of failures rather than for the presence of successes. Such cultures extinguish risk taking and innovation. People will suggest and try new ideas only when they feel such behaviors exact no penalties. Managers in innovative organizations recognize that failures are a natural by-product of venturing into the unknown.

Within the *human resources* category, innovative organizations actively promote the training and development of their members so they keep current, offer high job security so employees don't fear getting fired for making mistakes, and encourage individuals to become champions of change. Once a new idea is developed, **idea champions** actively and enthusiastically promote it, build support, overcome resistance, and ensure it's implemented.⁴³ Champions have common personality characteristics: extremely high self-confidence, persistence, energy, and a tendency to take risks. They also display characteristics associated with transformational leadership—they inspire and energize others with their vision of an innovation's potential and their strong personal conviction about their mission. Idea champions are good at gaining the commitment of others, and their jobs provide considerable decision-making discretion; this autonomy helps them introduce and implement innovations.⁴⁴

Do successful idea champions do things differently in different cultures? Yes.⁴⁵ People in collectivist cultures prefer appeals for cross-functional support for innovation efforts; people in high power distance cultures prefer champions to work closely with those in authority to approve innovative activities before work is begun; and the higher the uncertainty avoidance of a society, the more champions should work within the organization's rules and procedures to develop the innovation. These findings suggest that effective managers will alter their organization's championing strategies to reflect cultural values. So, for instance, although idea champions in Russia might succeed by ignoring budgetary limitations and working around confining procedures, champions in Austria, Denmark, Germany, or other cultures high in uncertainty avoidance will be more effective by closely following budgets and procedures.

Sergio Marcchione, CEO of Fiat-Chrysler, has acted as idea champion for the single objective of updating the pipeline of vehicles for Chrysler. To facilitate this change, he has radically dismantled the bureaucracy, tearing up Chrysler's organization chart and introducing a flatter structure with himself at the lead. As a result, the company introduced a more innovative line of vehicles and planned to redesign or significantly refresh 75 percent of its lineup in 2010 alone.⁴⁶

Creating a Learning Organization

Another way an organization can proactively manage change is to make continuous growth part of its culture—to become a learning organization.⁴⁷

innovation *A new idea applied to initiating or improving a product, process, or service.*

idea champions *Individuals who take an innovation and actively and enthusiastically promote the idea, build support, overcome resistance, and ensure that the idea is implemented.*

What’s a Learning Organization? Just as individuals learn, so too do organizations. A **learning organization** has developed the continuous capacity to adapt and change. “All organizations learn, whether they consciously choose to or not—it is a fundamental requirement for their sustained existence.”⁴⁸ Some organizations just do it better than others.

Most organizations engage in **single-loop learning**.⁴⁹ When they detect errors, their correction process relies on past routines and present policies. In contrast, learning organizations use **double-loop learning**. They correct errors by *modifying* objectives, policies, and standard routines. Double-loop learning challenges deeply rooted assumptions and norms. It provides opportunities for radically different solutions to problems and dramatic jumps in improvement.

Exhibit 18-6 summarizes the five basic characteristics of a learning organization. It’s one in which people put aside their old ways of thinking, learn to be open with each other, understand how their organization really works, form a plan or vision everyone can agree on, and work together to achieve that vision.⁵⁰

Proponents of the learning organization envision it as a remedy for three fundamental problems of traditional organizations: fragmentation, competition, and reactivity.⁵¹ First, *fragmentation* based on specialization creates “walls” and “chimneys” that separate different functions into independent and often warring fiefdoms. Second, an overemphasis on *competition* often undermines collaboration. Managers compete to show who is right, who knows more, or who is more persuasive. Divisions compete when they ought to cooperate and share knowledge. Team leaders compete to show who the best manager is. And third, *reactiveness* misdirects management’s attention to problem solving rather than creation. The problem solver tries to make something go away, while a creator tries to bring something new into being. An emphasis on reactivity pushes out innovation and continuous improvement and, in its place, encourages people to run around “putting out fires.”

Managing Learning What can managers do to make their firms learning organizations? Here are some suggestions:

- **Establish a strategy.** Management needs to make explicit its commitment to change, innovation, and continuous improvement.
- **Redesign the organization’s structure.** The formal structure can be a serious impediment to learning. Flattening the structure, eliminating or combining departments, and increasing the use of cross-functional teams reinforces interdependence and reduces boundaries.

Exhibit 18-6 Characteristics of a Learning Organization

1. There exists a shared vision that everyone agrees on.
2. People discard their old ways of thinking and the standard routines they use for solving problems or doing their jobs.
3. Members think of all organizational processes, activities, functions, and interactions with the environment as part of a system of interrelationships.
4. People openly communicate with each other (across vertical and horizontal boundaries) without fear of criticism or punishment.
5. People sublimate their personal self-interest and fragmented departmental interests to work together to achieve the organization’s shared vision.

- Reshape the organization’s culture.** To become a learning organization, managers must demonstrate by their actions that taking risks and admitting failures are desirable. That means rewarding people who take chances and make mistakes. And management needs to encourage functional conflict. “The key to unlocking real openness at work,” says one expert on learning organizations, “is to teach people to give up having to be in agreement. We think agreement is so important. Who cares? You have to bring paradoxes, conflicts, and dilemmas out in the open, so collectively we can be more intelligent than we can be individually.”⁵²

Work Stress and Its Management

5 Define *stress* and identify its potential sources.

Friends say they’re stressed from greater workloads and longer hours because of downsizing at their companies. Parents worry about the lack of job stability and reminisce about a time when a job with a large company implied life-time security. We read surveys in which employees complain about the stress of trying to balance work and family responsibilities.⁵³ Indeed, as Exhibit 18-7 shows, work is, for most people, the most important source of stress in life. What are the causes and consequences of stress, and what can individuals and organizations do to reduce it?

What Is Stress?

Stress is a dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important.⁵⁴ This is a complicated definition. Let’s look at its components more closely.

Exhibit 18-7
Work Is the Biggest Source of Stress for Most

“What area of your life causes you the most stress on a regular basis?”

Area	Causes Most Stress
My job	26%
My finances	20%
My relationships	21%
My children	10%
School	8%
Fear of a disaster/terror attack	3%
Other	8%

Source: 2009 Stress Management poll of 7,807 individuals, stress.about.com/gi/pages/poll.htm?linkback5&poll_id52213421040&poll_151&poll351&submit15Submit1Vote.

learning organization *An organization that has developed the continuous capacity to adapt and change.*
single-loop learning *A process of correcting errors using past routines and present policies.*

double-loop learning *A process of correcting errors by modifying the organization’s objectives, policies, and standard routines.*

stress *An unpleasant psychological process that occurs in response to environmental pressures.*

Although stress is typically discussed in a negative context, it is not necessarily bad in and of itself; it also has a positive value.⁵⁵ It's an opportunity when it offers potential gain. Consider, for example, the superior performance an athlete or stage performer gives in a "clutch" situation. Such individuals often use stress positively to rise to the occasion and perform at their maximum. Similarly, many professionals see the pressures of heavy workloads and deadlines as positive challenges that enhance the quality of their work and the satisfaction they get from their job.

Recently, researchers have argued that **challenge stressors**—or stressors associated with workload, pressure to complete tasks, and time urgency—operate quite differently from **hindrance stressors**—or stressors that keep you from reaching your goals (for example, red tape, office politics, confusion over job responsibilities). Although research is just starting to accumulate, early evidence suggests challenge stressors produce less strain than hindrance stressors.⁵⁶

Researchers have sought to clarify the conditions under which each type of stress exists. It appears that employees who have a stronger affective commitment to their organization can transfer psychological stress into greater focus and higher sales performance, whereas employees with low levels of commitment perform worse under stress.⁵⁷ And when challenge stress increases, those with high levels of organizational support have higher role-based performance, but those with low levels of organizational support do not.⁵⁸

More typically, stress is associated with **demands** and **resources**. Demands are responsibilities, pressures, obligations, and uncertainties individuals face in the workplace. Resources are things within an individual's control that he or she can use to resolve the demands. Let's discuss what this demands–resources model means.⁵⁹

When you take a test at school or undergo your annual performance review at work, you feel stress because you confront opportunities and performance pressures. A good performance review may lead to a promotion, greater responsibilities, and a higher salary. A poor review may prevent you from getting a promotion. An extremely poor review might even result in your being fired. To the extent you can apply resources to the demands on you—such as

Myth or Science?

“Men Experience More Job Stress Than Women”

This statement is false. One recent review of the literature concluded, “Few, if any, differences exist between the respective amount of occupational stress men and women experience.” Another review of 183 studies found that men and women differed to a very small degree on the burnout they experience.

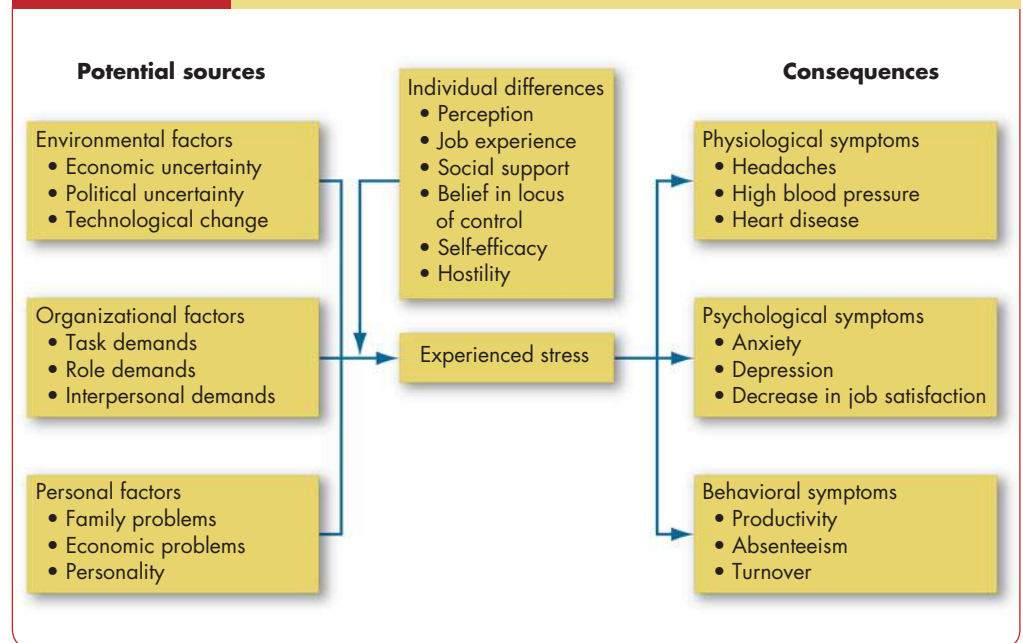
While it doesn't appear that men and women differ in the work stress they report, there is more to the story.

Working women tend to report more life stress than men. The reason

may be that, as surveys reliably show, when a husband and wife both work full-time outside the home, the wife carries considerably greater household responsibilities (cleaning, shopping, keeping finances). So if both spouses work the same number of hours, it's likely the wife's total load of paid work and household/family work is greater—and thus more stressful generally, even if her work stress alone is not greater. Says one expert, “A woman's major stressors come from both the work she's paid for and the work

she isn't.” The former doesn't differ between the genders, but the latter clearly does.

Sources: S. B. Watson, Y. W. Goh, and S. Sawang, “Gender Influences on the Work-Related Stress Coping Process,” *Journal of Individual Differences* 32, no. 1 (2011), pp. 39–46; R. K. Purvanova, and J. P. Muros, “Gender Differences in Burnout: A Meta-Analysis,” *Journal of Vocational Behavior* 77, no. 2 (2010), pp. 168–185; and M. Casserly, “Summer Burnout: Avoiding Overload This Season,” *Forbes* (May 26, 2011), downloaded on July 20, 2011, from <http://blogs.forbes.com/meghancasserly/>.

Exhibit 18-8 A Model of Stress

being prepared, placing the exam or review in perspective, or obtaining social support—you will feel less stress.

Research suggests adequate resources help reduce the stressful nature of demands when demands and resources match. If emotional demands are stressing you, having emotional resources in the form of social support is especially important. If the demands are cognitive—say, information overload—then job resources in the form of computer support or information are more important. Thus, under the demands–resources perspective, having resources to cope with stress is just as important in offsetting it as demands are in increasing it.⁶⁰

Potential Sources of Stress

What causes stress? As the model in Exhibit 18-8 shows, there are three categories of potential stressors: environmental, organizational, and personal. Let's take a look at each.⁶¹

Environmental Factors Just as environmental uncertainty influences the design of an organization's structure, it also influences stress levels among employees in that organization. Indeed, uncertainty is the biggest reason people have trouble coping with organizational changes.⁶² There are three main types of environmental uncertainty: economic, political, and technological.

Changes in the business cycle create *economic uncertainties*. When the economy is contracting, for example, people become increasingly anxious about

challenge stressors Stressors associated with workload, pressure to complete tasks, and time urgency.

hindrance stressors Stressors that keep you from reaching your goals (for example, red tape, office politics, confusion over job responsibilities).

demands Responsibilities, pressures, obligations, and even uncertainties that individuals face in the workplace.

resources Things within an individual's control that can be used to resolve demands.

their job security. *Political uncertainties* don't tend to create stress among North Americans as they do for employees in countries such as Haiti or Venezuela. The obvious reason is that the United States and Canada have stable political systems, in which change is typically implemented in an orderly manner. Yet political threats and changes, even in countries such as the United States and Canada, can induce stress. Threats of terrorism in developed and developing nations, or the difficulties of East Germany reintegrating with West Germany, lead to political uncertainty that becomes stressful to people in these countries.⁶³ Because innovations can make an employee's skills and experience obsolete in a very short time, computers, robotics, automation, and similar forms of *technological change* are also a threat to many people and cause them stress.

Organizational Factors There is no shortage of factors within an organization that can cause stress. Pressures to avoid errors or complete tasks in a limited time, work overload, a demanding and insensitive boss, and unpleasant co-workers are a few examples. We've categorized these factors around task, role, and interpersonal demands.⁶⁴

Task demands relate to a person's job. They include the design of the job (its degrees of autonomy, task variety, degree of automation), working conditions, and the physical work layout. Assembly lines can put pressure on people when they perceive the line's speed to be excessive. Working in an overcrowded room or a visible location where noise and interruptions are constant can increase anxiety and stress.⁶⁵ As customer service grows ever more important, emotional labor becomes a source of stress.⁶⁶ Imagine being a flight attendant for Southwest Airlines or a cashier at Starbucks. Do you think you could put on a happy face when you're having a bad day?

Role demands relate to pressures placed on a person as a function of the particular role he or she plays in the organization. Role conflicts create expectations that may be hard to reconcile or satisfy. Role overload occurs when the employee is expected to do more than time permits. Role ambiguity means role expectations are not clearly understood and the employee is not sure what to do. Individuals who face high situational constraints (such as fixed work hours or demanding job responsibilities) are also less able to engage in the proactive coping behaviors that reduce stress levels.⁶⁷ When faced with hassles at work,

Task demands are organizational factors that can cause stress. These call center employees of Encore Capital Group in Gurgaon, India, have the difficult job of collecting mostly credit card and auto debts of Americans. The nature of their job can cause stress, as the people they call may be abusive, emotional, frustrated, sad, or angry. Encore strives to reduce the on-the-job stress of its call center workers by teaching them how to empathize with the delinquent borrowers and how to handle verbal abuse. Collectors learn that the debtors respond to them when they are very polite and respectful and never raise their voice.



they will not only have higher levels of distress at the time, but they'll also be less likely to take steps to eliminate stressors in the future.

Interpersonal demands are pressures created by other employees. Lack of social support from colleagues and poor interpersonal relationships can cause stress, especially among employees with a high social need. A rapidly growing body of research has also shown that negative co-worker and supervisor behaviors, including fights, bullying, incivility, racial harassment, and sexual harassment, are especially strongly related to stress at work.⁶⁸

Personal Factors The typical individual works about 40 to 50 hours a week. But the experiences and problems people encounter in the other 120-plus can spill over to the job. Our final category, then, is factors in the employee's personal life: family issues, personal economic problems, and inherent personality characteristics.

National surveys consistently show people hold *family* and personal relationships dear. Marital difficulties, the breaking of a close relationship, and discipline troubles with children create stresses employees often can't leave at the front door when they arrive at work.⁶⁹

Regardless of income level—people who make \$100,000 per year seem to have as much trouble handling their finances as those who earn \$20,000—some people are poor money managers or have wants that exceed their earning capacity. The *economic* problems of overextended financial resources create stress and siphon attention away from work.

Studies in three diverse organizations found that participants who reported stress symptoms before beginning a job accounted for most of the variance in stress symptoms reported 9 months later.⁷⁰ The researchers concluded that some people may have an inherent tendency to accentuate negative aspects of the world. If this is true, then a significant individual factor that influences stress is a person's basic disposition. That is, stress symptoms expressed on the job may actually originate in the person's *personality*.

Stressors Are Additive When we review stressors individually, it's easy to overlook that stress is an additive phenomenon—it builds up.⁷¹ Each new and persistent stressor adds to an individual's stress level. So a single stressor may be relatively unimportant in and of itself, but if added to an already high level of stress, it can be the straw that breaks the camel's back. To appraise the total amount of stress an individual is under, we have to sum up his or her opportunity stresses, constraint stresses, and demand stresses.

Individual Differences

Some people thrive on stressful situations, while others are overwhelmed by them. What differentiates people in terms of their ability to handle stress? What individual variables moderate the relationship between *potential* stressors and *experienced* stress? At least four—perception, job experience, social support, and personality—are relevant.

In Chapter 6, we demonstrated that employees react in response to their perception of reality, rather than to reality itself. *Perception*, therefore, will moderate the relationship between a potential stress condition and an employee's reaction to it. Layoffs may cause one person to fear losing his job, while another sees an opportunity to get a large severance allowance and start her own business. So stress potential doesn't lie in objective conditions; rather, it lies in an employee's interpretation of those conditions.

Experience on the job tends to be negatively related to work stress. Why? Two explanations have been offered.⁷² First is selective withdrawal. Voluntary

turnover is more probable among people who experience more stress. Therefore, people who remain with an organization longer are those with more stress-resistant traits or those more resistant to the stress characteristics of their organization. Second, people eventually develop coping mechanisms to deal with stress. Because this takes time, senior members of the organization are more likely to be fully adapted and should experience less stress.

Social support—collegial relationships with co-workers or supervisors—can buffer the impact of stress.⁷³ This is among the best-documented relationships in the stress literature. Social support acts as a palliative, mitigating the negative effects of even high-strain jobs.

Perhaps the most widely studied *personality* trait in stress is neuroticism, which we discussed in Chapter 5. As you might expect, neurotic individuals are more prone to experience psychological strain.⁷⁴ Evidence suggests that neurotic individuals are more prone to believe there are stressors in their work environments, so part of the problem is that they believe their environments are more threatening. They also tend to select less adaptive coping mechanisms, relying on avoidance as a way of dealing with problems rather than attempting to resolve them.⁷⁵

Workaholism is another personal characteristic related to stress levels. Workaholics are people obsessed with their work; they put in an enormous number of hours, think about work even when not working, and create additional work responsibilities to satisfy an inner compulsion to work more. In some ways, they might seem like ideal employees. That's probably why when most people are asked in interviews what their greatest weakness is, they reflexively say, "I just work too hard." However, there is a difference between working hard and working compulsively. Workaholics are not necessarily more productive than other employees, despite their extreme efforts. The strain of putting in such a high level of work effort eventually begins to wear on the workaholic, leading to higher levels of work–life conflict and psychological burnout.⁷⁶

Cultural Differences

Research suggests the job conditions that cause stress show some differences across cultures. One study revealed that whereas U.S. employees were stressed by a lack of control, Chinese employees were stressed by job evaluations and lack of training. It doesn't appear that personality effects on stress are different across cultures, however. One study of employees in Hungary, Italy, the United Kingdom, Israel, and the United States found Type A personality traits (see Chapter 5) predicted stress equally well across countries.⁷⁷ A study of 5,270 managers from 20 countries found individuals from individualistic countries such as the United States, Canada, and the United Kingdom experienced higher levels of stress due to work interfering with family than did individuals from collectivist countries in Asia and Latin America.⁷⁸ The authors proposed that this may occur because, in collectivist cultures, working extra hours is seen as a sacrifice to help the family, whereas in individualistic cultures, work is seen as a means to personal achievement that takes away from the family.

Evidence suggests that stressors are associated with perceived stress and strains among employees in different countries. In other words, stress is equally bad for employees of all cultures.⁷⁹



SELF-ASSESSMENT LIBRARY

How Stressful Is My Life?

In the Self-Assessment Library (available on CD and online), take assessment III.C.2 (How Stressful Is My Life?).

6 Identify the consequences of stress.

Consequences of Stress

Stress shows itself in a number of ways, such as high blood pressure, ulcers, irritability, difficulty making routine decisions, loss of appetite, accident proneness, and the like. These symptoms fit under three general categories: physiological, psychological, and behavioral symptoms.

Physiological Symptoms Most early concern with stress was directed at physiological symptoms because most researchers were specialists in the health and medical sciences. Their work led to the conclusion that stress could create changes in metabolism, increase heart and breathing rates and blood pressure, bring on headaches, and induce heart attacks.

Evidence now clearly suggests stress may have harmful physiological effects. One study linked stressful job demands to increased susceptibility to upper-respiratory illnesses and poor immune system functioning, especially for individuals with low self-efficacy.⁸⁰ A long-term study conducted in the United Kingdom found that job strain was associated with higher levels of coronary heart disease.⁸¹ Still another study conducted with Danish human services workers found that higher levels of psychological burnout at the work-unit level were related to significantly higher levels of sickness absence.⁸² Many other studies have shown similar results linking work stress to a variety of indicators of poor health.

Psychological Symptoms Job dissatisfaction is “the simplest and most obvious psychological effect” of stress.⁸³ But stress shows itself in other psychological states—for instance, tension, anxiety, irritability, boredom, and procrastination. For example, a study that tracked physiological responses of employees over time found that stress due to high workloads was related to higher blood pressure and lower emotional well-being.⁸⁴

An Ethical Choice

Responsibly Managing Your Own Stress

Although much of the research we’ve reviewed in this chapter discusses how organizations and managers can relieve stress for employees, employees also have a certain degree of responsibility for managing their own stress. Beyond the fact that high levels of stress are unpleasant, employees who experience them have difficulty concentrating at work, make more mistakes, miss more days of work, and use more health insurance. This suggests that it may be your ethical responsibility as an employee to ensure your stress levels are not high enough to interfere with your ability to work effectively for clients, customers, and co-workers. A few examples of strategies you might want to employ to reduce your

level of stress from work include the following:

- 1. Take breaks.** If you’re feeling depleted or exhausted at work, taking some time away from your tasks can significantly reduce your level of psychological strain.
- 2. Let your supervisor know you’re stressed.** In many cases, managers will want to provide assistance to workers who are experiencing stress, but if they don’t know there’s a problem, they can’t help to address it.
- 3. Detach yourself from work in your off-time.** Try not to take work home with you, and make your time off a period when you can truly recover from the strains of the day. Research

shows that workers who can detach themselves from their work in their off-time experience significantly less stress than those who do not.

Sources: Based on M. M. Krischer, L. M. Penney, and E. M. Hunter, “Can Counterproductive Work Behaviors Be Productive? CWB as Emotion-Focused Coping,” *Journal of Occupational Health Psychology* 15, no. 2 (2010), pp. 154–166; V. C. Hahn, C. Binnewies, S. Sonnentag, and E. J. Mojza, “Learning How to Recover from Job Stress: Effects of a Recovery Training Program on Recovery, Recovery Related Self-Efficacy, and Well-Being,” *Journal of Occupational Health Psychology* 16, no. 2 (2011), pp. 202–216; and S. Sonnentag, C. Binnewies, and E. J. Mojza, “Staying Well and Engaged when Demands are High: The Role of Psychological Detachment,” *Journal of Applied Psychology* 95, no. 5 (2010), pp. 965–976.

Jobs that make multiple and conflicting demands or that lack clarity about the incumbent's duties, authority, and responsibilities increase both stress and dissatisfaction.⁸⁵ Similarly, the less control people have over the pace of their work, the greater their stress and dissatisfaction. Jobs that provide a low level of variety, significance, autonomy, feedback, and identity appear to create stress and reduce satisfaction and involvement in the job.⁸⁶ Not everyone reacts to autonomy in the same way, however. For those with an external locus of control, increased job control increases the tendency to experience stress and exhaustion.⁸⁷

Behavioral Symptoms Research on behavior and stress has been conducted across several countries and over time, and the relationships appear relatively consistent. Behavior-related stress symptoms include reductions in productivity, absence, and turnover, as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting, and sleep disorders.⁸⁸

A significant amount of research has investigated the stress–performance relationship. The most widely studied pattern of this relationship is the inverted U shown in Exhibit 18-9.⁸⁹ The logic underlying the figure is that low to moderate levels of stress stimulate the body and increase its ability to react. Individuals then often perform their tasks better, more intensely, or more rapidly. But too much stress places unattainable demands on a person, which result in lower performance. In spite of the popularity and intuitive appeal of the inverted-U model, it doesn't get a lot of empirical support.⁹⁰ So we should be careful of assuming it accurately depicts the stress–performance relationship.

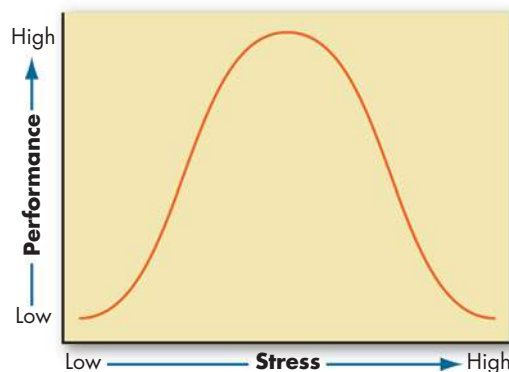
As we mentioned earlier, researchers have begun to differentiate challenge and hindrance stressors, showing that these two forms of stress have opposite effects on job behaviors, especially job performance. A meta-analysis of responses from more than 35,000 individuals showed role ambiguity, role conflict, role overload, job insecurity, environmental uncertainty, and situational constraints were all consistently negatively related to job performance.⁹¹ There is also evidence that challenge stress improves job performance in a supportive work environment, whereas hindrance stress reduces job performance in all work environments.⁹²

- 7 Contrast the individual and organizational approaches to managing stress.

Managing Stress

Because low to moderate levels of stress can be functional and lead to higher performance, management may not be concerned when employees experience

Exhibit 18-9 The Proposed Inverted-U Relationship Between Stress and Job Performance



them. Employees, however, are likely to perceive even low levels of stress as undesirable. It's not unlikely, therefore, for employees and management to have different notions of what constitutes an acceptable level of stress on the job. What management may consider to be "a positive stimulus that keeps the adrenaline running" is very likely to be seen as "excessive pressure" by the employee. Keep this in mind as we discuss individual and organizational approaches toward managing stress.⁹³

Individual Approaches An employee can take personal responsibility for reducing stress levels. Individual strategies that have proven effective include time-management techniques, increased physical exercise, relaxation training, and expanded social support networks. Also see the Ethical Choice box in this chapter for additional suggestions.

Many people manage their time poorly. The well-organized employee, like the well-organized student, can often accomplish twice as much as the person who is poorly organized. So an understanding and utilization of basic time-management principles can help individuals better cope with tensions created by job demands.⁹⁴ A few of the best-known time-management principles are (1) making daily lists of activities to be accomplished, (2) prioritizing activities by importance and urgency, (3) scheduling activities according to the priorities set, (4) knowing your daily cycle and handling the most demanding parts of your job when you are most alert and productive, and (5) avoiding electronic distractions like frequently checking e-mail, which can limit attention and reduce efficiency.⁹⁵ These time-management skills can help minimize procrastination by focusing efforts on immediate goals and boosting motivation even in the face of tasks that are less desirable.⁹⁶

Physicians have recommended noncompetitive *physical exercise*, such as aerobics, walking, jogging, swimming, and riding a bicycle, as a way to deal with excessive stress levels. These activities increase lung capacity, lower the at-rest heart rate, and provide a mental diversion from work pressures, effectively reducing work-related levels of stress.⁹⁷

Individuals can also teach themselves to reduce tension through *relaxation techniques* such as meditation, hypnosis, and deep breathing. The objective is to reach a state of deep physical relaxation, in which you focus all your energy on release

This group of Chinese working women participate in a yoga class in Beijing as a way to deal with excessive stress levels caused by long working hours and trying to achieve a work/life balance. Working women in China have high levels of stress because in Chinese culture women are expected to take more responsibility for family matters than in other cultures. As an individual approach to managing stress, yoga is a noncompetitive physical exercise that combines stretching, mental imagery, breathing control, physical postures, and meditation. Yoga reduces stress, anxiety, and muscle tension, provides a mental diversion from work pressures, and promotes physical well-being by lowering blood pressure and heart rate.



Work–Family Stress in Different Cultures

Studies repeatedly show that conflicts between work life and nonwork life, especially conflicts between work and family responsibilities, are significant stressors. Examples of work–life conflicts include nights and weekends spent at work rather than with family, work schedules so full that vacations cannot happen, and work obligations that require arranging for child care at the last minute. As we noted in Chapter 17, many organizations have experimented with policies like flexible scheduling or working from home to reduce work–life conflicts and help employees reduce their levels of stress. The question is, do these policies have the same effects in different cultures, which have different values and norms regarding family and life responsibilities?

Reviewers have critiqued the literature on strain related to work–life conflict for failing to take culture into

account. And, in fact, the great majority of studies on stress due to work–life conflict have been conducted entirely within the United States. Research that included multiple cultures suggests that collectivist cultures have lower levels of work–life conflict because collectivists are more likely to obtain social support from others. Differences in cultural expectations for men and women in different cultures also mean that women in some countries will experience greater work–life conflict because they have more responsibilities in the family domain, whereas in more egalitarian cultures men and women will experience similar levels of work–life conflict.

Do these cultural differences mean organizations should use different policies to combat work–life conflicts? One study of nearly 25,000 IBM employees in 75 countries investigated how policies like flexibility about

where and when work is performed were related to employee stress levels. The results clearly showed that both forms of flexibility (such as work-at-home arrangements and flexible schedules) were linked to lower levels of work–life conflict in affluent and developing countries in the East and the West. In other words, it appears that flexible scheduling can help reduce employee stress levels around the world. This is good news for organizations attempting to develop policies and procedures that apply equally to all their employees.

Sources: Based on E. J. Hill, J. J. Erickson, E. K. Holmes, and M. Ferris, "Workplace Flexibility, Work Hours, and Work-Life Conflict: Finding an Extra Day or Two," *Journal of Family Psychology* 24, no. 3 (2010), pp. 349–358; and G. N. Powell, A. M. Francesco, and Y. Ling, "Toward Culture-Sensitive Theories of the Work-Family Interface," *Journal of Organizational Behavior* 30, no. 5 (2009), pp. 597–616.

of muscle tension.⁹⁸ Deep relaxation for 15 or 20 minutes a day releases strain and provides a pronounced sense of peacefulness, as well as significant changes in heart rate, blood pressure, and other physiological factors. A growing body of research shows that simply taking breaks from work at routine intervals can facilitate psychological recovery and reduce stress significantly and may improve job performance, and these effects are even greater if relaxation techniques are employed.⁹⁹

As we have noted, friends, family, or work colleagues can provide an outlet when stress levels become excessive. Expanding your *social support network* provides someone to hear your problems and offer a more objective perspective on a stressful situation than your own.

Organizational Approaches Several organizational factors that cause stress—particularly task and role demands—are controlled by management and thus can be modified or changed. Strategies to consider include improved employee selection and job placement, training, realistic goal-setting, redesign of jobs, increased employee involvement, improved organizational communication, employee sabbaticals, and corporate wellness programs.

Certain jobs are more stressful than others but, as we've seen, individuals differ in their response to stressful situations. We know individuals with little experience or an external locus of control tend to be more prone to stress. *Selection and placement* decisions should take these facts into consideration. Obviously, management shouldn't restrict hiring to only experienced individuals with an

internal locus, but such individuals may adapt better to high-stress jobs and perform those jobs more effectively. Similarly, *training* can increase an individual's self-efficacy and thus lessen job strain.

We discussed *goal-setting* in Chapter 7. Individuals perform better when they have specific and challenging goals and receive feedback on their progress toward these goals. Goals can reduce stress as well as provide motivation.¹⁰⁰ Employees who are highly committed to their goals and see purpose in their jobs experience less stress because they are more likely to perceive stressors as challenges rather than hindrances. Specific goals perceived as attainable clarify performance expectations. In addition, goal feedback reduces uncertainties about actual job performance. The result is less employee frustration, role ambiguity, and stress.

Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress because these factors give employees greater control over work activities and lessen dependence on others. But as we noted in our discussion of work design, not all employees want enriched jobs. The right redesign for employees with a low need for growth might be less responsibility and increased specialization. If individuals prefer structure and routine, reducing skill variety should also reduce uncertainties and stress levels.

Role stress is detrimental to a large extent because employees feel uncertain about goals, expectations, how they'll be evaluated, and the like. By giving these employees a voice in the decisions that directly affect their job performance, management can increase employee control and reduce role stress. Thus, managers should consider *increasing employee involvement* in decision making, because evidence clearly shows that increases in employee empowerment reduce psychological strain.¹⁰¹

Increasing formal *organizational communication* with employees reduces uncertainty by lessening role ambiguity and role conflict. Given the importance that perceptions play in moderating the stress–response relationship, management can also use effective communications as a means to shape employee perceptions. Remember that what employees categorize as demands, threats, or opportunities at work is an interpretation and that interpretation can be affected by the symbols and actions communicated by management.

Some employees need an occasional escape from the frenetic pace of their work. Companies including Genentech, American Express, Intel, General Mills, Microsoft, Morningstar, DreamWorks Animation, and Adobe Systems have begun to provide extended voluntary leaves.¹⁰² These *sabbaticals*—ranging in length from a few weeks to several months—allow employees to travel, relax, or pursue personal projects that consume time beyond normal vacations. Proponents say they can revive and rejuvenate workers who might otherwise be headed for burnout.

Our final suggestion is organizationally supported **wellness programs**. These typically provide workshops to help people quit smoking, control alcohol use, lose weight, eat better, and develop a regular exercise program; they focus on the employee's total physical and mental condition.¹⁰³ Some help employees improve their psychological health as well. A meta-analysis of 36 programs designed to reduce stress (including wellness programs) showed that interventions to help employees reframe stressful situations and use active coping strategies appreciably reduced stress levels.¹⁰⁴ Most wellness programs assume employees need to take personal responsibility for their physical and mental health and that the organization is merely a means to that end.

wellness programs *Organizationally supported programs that focus on the employee's total physical and mental condition.*

Cindy Russell poses with her assembled gear in preparation for a one-month sabbatical to go fly fishing in the South Pacific. Russell is a paralegal with the law firm Alters, Boldt, Brown, Rash, and Culmo in Miami. Like many small companies, the law firm does not have a formal sabbatical program. But Russell approached her boss with the idea, saying that she worked long hours in preparing for trials and desired a longer time away from work than her vacation time allowed.

She explained how the fishing trip would help her to decompress and return to work energized and refreshed. Russell was granted the leave, some of it unpaid, after convincing her boss how it would benefit both her and the firm.



Source: C. W. Griffin/Miami Herald/MCTNewscom.

Most firms that have introduced wellness programs have found significant benefits. A study of eight Canadian organizations found that every dollar spent on comprehensive wellness programs generated a return of \$1.64, and for high-risk employees, such as smokers, the return was nearly \$4.00.¹⁰⁵

MyManagementLab

Now that you have finished this chapter, go back to www.mymanagementlab.com to continue practicing and applying the concepts you've learned.

Summary and Implications for Managers

The need for change has been implied throughout this text. “A casual reflection on change should indicate that it encompasses almost all of our concepts in the organizational behavior literature.”¹⁰⁶ For instance, think about attitudes, motivation, work teams, communication, leadership, organizational structures, human resource practices, and organizational cultures. Change was an integral part in our discussion of each. If environments were perfectly static, if employees’ skills and abilities were always up to date and incapable of deteriorating, and if tomorrow were always exactly the same as today, organizational change would have little or no relevance to managers. But the real world is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels.

- Managers are the primary change agents in most organizations. By the decisions they make and their role-modeling behaviors, they shape the organization’s change culture.

Responsible Managers Relieve Stress on Their Employees

POINT

One of the reasons the economic recovery has been sluggish is that employers have been reluctant to replace those they laid off. If you can produce the same amount or provide the same service with fewer employees, that's efficient, of course. But is it a short-sighted way to manage? Evidence suggests that employees are at their breaking point—and employers will pay a price just like the employees they are stressing.

Employees are really stressed. More work is being done with fewer people. Workers wonder whether they will be the "next shoe to fall" in layoffs. In a recent survey of managers, 81 percent agreed worker stress and fatigue is a greater problem than in the past.

Says one Sacramento, California, employee, "I can't remember the last time I went out for lunch. I bring my lunch and eat at my desk," she says. She can't even complain to her husband, since he's the same boat—working 10-hour days and "coming home late and exhausted."

Some employers are long-sighted enough to address the problem.

Tony Schwartz, CEO of a consulting firm, decided to institute a program he called "Take Back Your Lunch." He encourages his employees to take a lunch break and even urges them to organize midday gatherings with social networking site Meetup.com.

Another company with progressive management is the accounting firm Ernst & Young. Of the company's 23,000 employees, about 10 percent work under flexible arrangements where they can work less or adopt a more flexible schedule during nonpeak times.

These companies have found that taking the long view and emphasizing balance helps good employees be more productive over the long-term—and more likely to stick around. "We listen to our people and they tell us very consistently that flexibility is incredibly important to them and to their family," said James Turley, Ernst & Young's CEO.

COUNTERPOINT

It is not hard to find employees who think they're overworked and underpaid. If a company managed according to worker complaints, the squeakiest wheel would always get the grease. Sure, people might work fewer hours and feel less stressed, but that would compromise an organization's ability to be competitive and to reward its hardest-working and most productive employees.

Labor is often the largest single cost for an employer, which means that if it is to be competitive, the firm needs to earn more revenue per employee. It doesn't take a math genius to realize that one way of accomplishing that is to pay attention to the denominator. It's that magical thing we call "productivity," a central metric by which we can measure the organization's performance. Organizations that are productive today enjoy higher earnings later.

Take Deutsche Bank as an example. The number of front-office employees in Deutsche Bank's investment banking division has fallen 12 percent from pre-crisis levels, while net revenue per employee has increased 20 percent. That sounds like a well-managed company, doesn't it? Yet Deutsche Bank employees probably do feel they're working harder. They are. What would you think of a company if the story instead was, "Net revenue per employee has fallen 20 percent, but employees feel much less stressed at work"? We don't live in a world where companies have the luxury of doing less with more.

Managers shouldn't go out of their way to stress out their employees. Nor should they turn a blind eye toward burnout. But realistically, in today's globally competitive business environment, the organizations that will survive are those that can do more with less. If that means employees are stressed by higher workloads, well, it beats the unemployment line, doesn't it?

Sources: S. Greenhouse, "The Retention Bonus? Time," *The New York Times* (January 8, 2011), pp. B1, B7; M. V. Rafter, "The Yawning of a New Era," *Workforce Management* (December 2010), pp. 3–4; and M. Turner, "Deutsche Says It Does More with Less," *Financial News* (June 2, 2011), downloaded on July 19, 2011, from www.efinancialnews.com/.

- Management decisions related to structural design, cultural factors, and human resource policies largely determine the level of innovation within the organization.
- Management policies and practices will determine the degree to which the organization learns and adapts to changing environmental factors.
- The existence of work stress, in and of itself, need not imply lower performance. The evidence indicates that stress can be either a positive or a negative influence on employee performance.
- Low to moderate amounts of stress enable many people to perform their jobs better by increasing their work intensity, alertness, and ability to react. This is especially true if stress arises due to challenges on the job rather than hindrances that prevent employees from doing their jobs effectively.
- However, a high level of stress, or even a moderate amount sustained over a long period, eventually takes its toll, and performance declines.

QUESTIONS FOR REVIEW

- 1 What forces act as stimulants to change, and what is the difference between planned and unplanned change?
- 2 What forces act as sources of resistance to change?
- 3 What are the four main approaches to managing organizational change?
- 4 How can managers create a culture for change?
- 5 What is stress, and what are the possible sources of stress?
- 6 What are the consequences of stress?
- 7 What are the individual and organizational approaches to managing stress?

EXPERIENTIAL EXERCISE Power and the Changing Environment

Objectives

1. To describe the forces for change influencing power differentials in organizational and interpersonal relationships.
2. To understand the effect of technological, legal/political, economic, and social changes on the power of individuals within an organization.

The Situation

Your organization manufactures golf carts and sells them to country clubs, golf courses, and consumers. Your team is faced with the task of assessing how environmental changes will affect individuals' organizational power. Read each of the five scenarios and then, for each, identify the five members in the organization whose power will increase most in light of the environmental condition(s). [Note: m = male, (f) = female.]

Accountant/CPA (m)
 Advertising expert (m)
 Chemist (m)
 Chief financial officer (f)
 Computer programmer (f)

Corporate trainer (m)
 General manager (m)
 Human resource manager (f)
 Industrial engineer (m)
 In-house counsel (m)
 Marketing manager (f)
 Operations manager (f)
 Product designer (m)
 Public relations expert (m)
 Securities analyst (m)

1. New computer-aided manufacturing technologies are being introduced in the workplace during the next 2 to 18 months.
2. New federal emission standards are being legislated by the government that will essentially make gas-powered golf carts (40 percent of your current business) obsolete.
3. Sales are way down for two reasons: (a) a decline in the number of individuals playing golf and (b) your competitor was faster to embrace lithium batteries, which allow golf carts to run longer without another charge.

4. Given the growth of golf courses in other places (especially India, China, and Southeast Asia), the company is planning to go international in the next 12 to 18 months.
5. The U.S. Equal Employment Opportunity Commission is applying pressure to balance the male–female population in the organization’s upper hierarchy by threatening to publicize the predominance of men in upper management.

The Procedure

1. Divide the class into teams of three to four students each.

2. Teams should read each scenario and identify the five members whose power will increase most in light of the external environmental conditions described.
3. Teams should then address this question: assuming that the five environmental changes are taking place at once, which five members of the organization will now have the most power?
4. After 20 to 30 minutes, representatives of each team will be selected to present and justify their conclusions to the entire class. Discussion will begin with scenario 1 and proceed through scenario 5 and the “all at once” scenario.

Source: Adapted from J. E. Barbuto Jr., “Power and the Changing Environment,” *Journal of Management Education* (April 2000), pp. 288–296.

ETHICAL DILEMMA Changes at WPAC

WPAC—a television station based in Yuma, Arizona—had been experiencing a ratings decline for several years. In 2009, the station switched from a CBS to NBC affiliate. That has explained some of the ratings decline. However, in recent months, the ratings have continued to slide. Eventually, the station manager, Lucien Stone, decided he had to make a change to the local newscast.

After meeting with the programming manager, Stone called a meeting of WPAC employees and announced his intention to “spice things up” during the 5 P.M. and 10 P.M. local news. The 30-minute broadcasts would still include the traditional “top stories,” “sports,” and “weather” segments. However, on slow news days, more attention-getting material would be used. Stone also indicated some programming decisions would probably be revisited. “The days of *Little House on the Prairie* are over,” he said.

Madison Devereaux, 29, had been the chief meteorologist for WPAC since 2010. After receiving her degree in meteorology from the University of Oklahoma in 2007, she joined WPAC and quickly worked her way up the ranks, impressing viewers and WPAC management alike with her extension knowledge and articulate, professional, mistake-free delivery.

Though she was Christian, Devereaux never was one to go around “thumping Bibles in the newsroom,” as she put it. Most of those at WPAC weren’t even aware of Madison’s religious views.

Devereaux was troubled by the announced changes to WPAC’s programming but didn’t speak up at the

time. One Monday during a pre-production meeting, she learned that on Thursday of that week, WPAC reporter Sam Berkshaw would present a segment called “Dancing Around the Economy,” which would focus on how local strip clubs were doing well despite the sluggish economy.

Devereaux didn’t think it was appropriate to air the segment during the 5 P.M. newscast and asked both her producer and Stone to reconsider the piece, or at least air it in the 10 P.M. time slot. When they refused, she asked whether she could take the day off when the segment aired. Stone again refused. This was “sweeps week” (when ratings are calculated), Stone wanted to air the story now, and Devereaux’s contract prohibited her from taking time off during sweeps week.

When Devereaux didn’t show up for work that Thursday, WPAC fired her, arguing she had breached her contract.

For her part, Devereaux said, “I’m not angry with the station, but I am sorry about the changes that have taken place.”

Questions

1. Do you think either party behaved unethically in this case?
2. If you shared Devereaux’s views, would you have handled the situation differently? How?
3. Drawing on Kotter’s eight-step plan for implementing change, how might WPAC have handled its planned change differently?

Sources: Based on C. Edelhart, “Weatherman’s Stand Against Story Costs Job,” *Californian* (May 16, 2011), downloaded July 7, 2011, from www.bakersfield.com/; and K. T. Phan, “ABC Affiliate Fires Christian over Strip Club Segment,” *Fox News* (May 10, 2011), www.nation.foxnews.com.

CASE INCIDENT 1 Starbucks Returns to Its Roots

You are probably so used to seeing Starbucks coffee shops everywhere that you might not realize the company went from just 11 stores in 1987 to 2,600 in the year 2000. This incredibly rapid growth sprang from the company's ability to create a unique experience for customers who wanted to buy its distinct brand of lattes and mochas wherever they found themselves. At Starbucks' core, there was also a culture of treating each customer as a valued guest who should feel comfortable relaxing and taking in the ambience of the store. Whether you were in the company's founding location in Seattle, Washington, or at the other end of the country in Miami, Florida, you knew what to expect when you went to a Starbucks.

This uniform culture was truly put to the test in the face of massive expansion, however, and by 2006 Starbucks' chairman and former CEO Howard Schultz knew something had gone wrong. He noted that "As I visited hundreds of Starbucks stores in cities around the world, the entrepreneurial merchant in me sensed that something intrinsic to Starbucks' brand was missing. An aura. A spirit. The stores were lacking a certain soul." Starbucks' performance had become lackluster, with hundreds of planned store openings being canceled and hundreds more stores being closed.

So, Schultz took the dramatic step of coming back as CEO and engaging in a companywide effort to change the corporate culture back to what it had been before its expansion. All 7,000 Starbucks stores were closed for a single afternoon as part of a training effort of 135,000 baristas. Quality control was a primary mission; baristas were instructed to pour every glass of espresso like honey from a spoon, to preserve the flavor. This emphasis on quality over speed ran counter to the principles of mass production, but it was just what the company

needed to ensure it could retain its culture. Espresso machines that obscured the customers' view were replaced with lower-profile machines that allowed baristas to look directly at guests while making beverages. And "assembly-line production," like making several drinks at once, was discouraged in favor of slowly making each drink for each customer.

Schultz is convinced his efforts to take the culture back to its roots as a neighborhood coffee shop—one entranced with the "romance of coffee" and treating every customer as an old friend—has saved the company. Today, Starbucks earns more than \$10 billion in annual revenue and serves more than 50 million customers a week around the globe.

Questions

1. What factors are most likely to change when a company grows very rapidly, as Starbucks did? How can these changes threaten the culture of an organization?
2. Why might this type of radical change process be easier for Starbucks to implement than it would be for other companies?
3. A great deal of the return to an original culture has been credited to Howard Schultz, who acted as an idea champion. Explain how Schultz's efforts to change the Starbucks culture fit with our discussion of culture change earlier in the chapter.
4. Schultz's change initiative might succeed at another company that values customization and high levels of customer service, but how would it need to differ at a firm that emphasizes speed and efficiency of service?

Sources: Based on H. Schultz, "How Starbucks Got Its Mojo Back," *Newsweek*, (March 21, 2011), www.newsweek.com; A. Ignatius, "We Had to Own the Mistakes," *Harvard Business Review* (July/August 2010), pp. 108–115; and R. Baker, "Starbucks Demonstrates Power of Brand," *Marketing Week* (April 28, 2011), www.marketingweek.co.uk.

CASE INCIDENT 2 The Rise of Extreme Jobs

Before Barbara Agoglia left her job at American Express, she was spending 13 hours a day working and commuting. She also had to be available via cell phone 24/7. The last straw came when she didn't have time to wait with her school-age son at his bus stop. Carolyn Buck also has an extreme job. She usually works more than 60 hours a week for Ernst & Young and often has to travel to India and China.

Agoglia and Buck are not alone. Most U.S. adults are working more hours than ever, but one group in particular stands out: those with extreme jobs—people who spend more than half their time working and commuting to and from work. More than 1.7 million people consider their jobs *too* extreme, according to a recent study.

What accounts for the rise in extreme jobs? It's not entirely clear, but the usual suspects of globalization,

technology, and competitiveness are high on everyone's lists.

As extreme as Agoglia and Buck's jobs may seem, U.S. workers may have it comparatively easy. Most surveys indicate extreme jobs are worse in developing countries. A 2006 *Harvard Business Review* study of managers in 33 global companies indicated that compared to U.S. managers, managers in developing countries were more than twice as likely to have extreme jobs.

For those who hold extreme jobs, personal life often takes a back seat. Forty-four percent take fewer than 10 vacation days per year. Many individuals with extreme jobs see society changing into a "winner takes all" mode, where those who are willing to go the extra mile will reap a disproportionate share of the intrinsic and extrinsic rewards.

Why do people take extreme jobs (or allow their jobs to become extreme)? A 2006 study suggested that for both men and women, the number-one reason for working long, stressful hours is not pay. Rather, it's the rush they get from doing stimulating or challenging work. As one Asian manager said, "Building this business in markets where no one has done anything like this before is enormously exciting. And important. We've built distribution centers that are vital to China's growth—they contribute to the overall prospects of our economy."

Although this sounds all good, the situation is more complicated when you ask holders of extreme jobs about what their jobs cost them. Among them, 66 percent of men and 77 percent of women say their job interferes with their ability to maintain a home. For those with extreme jobs who have children, 65 percent of men and 33 percent of women

say it keeps them from having a relationship with their children. And 46 percent of male and female extreme job holders say their jobs interfere with having a strong relationship with their spouse. About half the members of each group say it interferes with their sex life. "I can't even fathom having a boyfriend," says one extreme job holder. Another, Chris Cicchinelli, was so concerned about being out of touch with work during his honeymoon that he got a satellite phone. Even that didn't help. He ended up cutting his 10-day honeymoon to 5 days. "I had major anxiety," he said.

The problem of overwork has become so pronounced in South Korea that many employers are forcing employees to take time off and locking them out of their computer systems during scheduled vacation times. Managers complain that Korean workers have become comparatively unproductive during their work hours, in part because they are so exhausted they cannot perform effectively. One authority on Korean society opines that employees are worried that if they do not work extreme hours, their employers will see them as expendable.

Questions

1. Do you think you will ever have an extreme job? Are you sure? Explain.
2. Why do you think the number of extreme jobs has risen?
3. Do you think organizations should encourage extreme jobs, discourage them, or completely leave them to an employee's discretion?
4. Why do you think people take extreme jobs in the first place?

Sources: Based on T. Weiss, "How Extreme Is Your Job?" *Forbes* (February 1, 2007), p. 1; S. A. Hewlett and C. B. Luce, "Extreme Jobs," *Harvard Business Review* (December 2006), pp. 49–58; S. Armour, "Hi, I'm Joan, and I'm a Workaholic," *USA Today* (May 23, 2007), pp. 1B, 2B; and C. Oliver, "Workaholics Forced to Take Time Off," *Financial Times* (July 5, 2011), www.ft.com.

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