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About the Authors

MASON CARPENTER

Mason A. Carpenter (Ph.D., 1997, UT Austin) is the M. Keith Weikel Professor of Leadership in UW Madison's Wisconsin School of Business. He is responsible for the MBA and Executive MBA courses in business, corporate, and global strategy, and the curriculum offered through Wisconsin's Strategic Leadership Institute. He is coauthor of *Strategic Management: A Dynamic Perspective*, second edition, with Dr. Gerry Sanders and published by Prentice Hall. His research concerns corporate governance, top management teams, social networks, and the strategic management of global startups, and is published widely in top management and strategy journals. He is Associate Editor of the *Academy of Management Review* and the Strategic Management Area Editor for *Business Expert Press*, and serves on a handful of editorial boards. His teaching accomplishments include MBA Professor of the Year, notoriety as one of the two most popular professors in several *BusinessWeek* MBA program polls, the Larson Excellence in Teaching Award from the School of Business, and, most recently, a Distinguished Teaching Award from the University of Wisconsin-Madison.



TALYA BAUER

Talya Bauer (Ph.D., 1994, Purdue University) is the Gerry and Marilyn Cameron Professor of Management at Portland State University. Dr. Bauer is an award-winning teacher who specializes in teaching organizational behavior, management, power and influence, and negotiations, as well as training and development at the graduate and undergraduate level. She conducts research about relationships at work. More specifically, she works in the areas of leadership, selection, and new employee onboarding, which have resulted in dozens of journal publications. She has acted as a consultant for a variety of government, *Fortune* 1000, and start-up organizations. Dr. Bauer is involved in professional organizations and conferences at the national level, such as serving on the Human Resource Management Executive Committee of the Academy of Management and SIOP Program Chair and member-at-large for SIOP. She is the editor of *Journal of Management* and is on the editorial boards for the *Journal of Applied Psychology* and *Industrial and Organizational Psychology: Perspectives on Science and Practices*, was recognized as one of the most published authors of the 1990s, and is a Fellow of SIOP and APS.



BERRIN ERDOGAN

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Berrin Erdogan (Ph.D., 2002, University of Illinois at Chicago) is the Express Employment Professionals Endowed Professor at Portland State University. Dr. Erdogan is an award-winning teacher who teaches management, organizational behavior, and human resources management. Her research interests focus on individual attachment to organizations through fairness, leader-subordinate relations, contextual factors such as organizational culture, and person-organization fit. Her work has been published in journals such as *Academy of Management Journal*, *Journal of Applied Psychology*, and *Personnel Psychology*. She has conducted managerial seminars on the topics of motivation, organizational justice, performance appraisals, and training and development, and has worked as a corporate trainer. She serves on the editorial boards of *Journal of Applied Psychology*, *Journal of Management*, *Journal of Organizational Behavior*, and *Personnel Psychology*.



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Dedications

MASON CARPENTER

This book is dedicated to my wife, Lisa, and energetic boys, Zachary and Wesley. The content is inspired by my students, coauthors, professional and business colleagues, and publishers who, together, will create the better times we will all enjoy in the years to come.

TALYA BAUER

This book is dedicated to my husband, Horst, and our children, Nicholas and Alexander, who supported this project from the start and who helped me celebrate when it was done.

BERRIN ERDOGAN

This book is dedicated to my husband, Emre, for being a constant source of support for my career and to our son, Devin, for making me appreciate the importance of leading a balanced life.

Preface

Welcome to the **textbook revolution** (you will have to read on to learn more about the revolution that you have joined in using this material for your class). We are happy to have you on Carpenter, Bauer, and Erdogan’s *Principles of Management* team! Given that *Principles* is likely to be one of the first management courses, if not one of the first business courses, that students take, our objective in developing this material was to provide students and instructors with a solid and comprehensive foundation on the fundamentals of management. Each of the 16 chapters is comprehensive but succinct, and action-oriented but not busy (as in *busy work*). Moreover, the book and supplements have been written in a direct and active style that we hope students and instructors find both readily accessible and relevant.

DELIVERING ON OUR PROMISE

So how are we delivering on these promises? Let’s consider the top three ways cited by instructors and students. First, your *Principles* book is organized around the well-established **planning, organizing, leading, and controlling** framework (or, simply, P-O-L-C). The first three chapters introduce you to the managerial context, while the remaining 13 chapters are mapped to one of the four P-O-L-C sections. The P-O-L-C structure provides a number of benefits. Each chapter opens with a brief discussion of how the chapter topic fits in P-O-L-C. For instructors, the use of P-O-L-C as an overarching framework helps with the organization of class material, development of the class calendar, and making choices about adding or removing readings and real-life examples. It also provides them with an invaluable reference point at the beginning and conclusion of each class session to share with students “where we’ve been, and where we’re going next.” Pedagogically, this is a simple yet powerful tool to aid and promote student learning. For students, the P-O-L-C typology provides them with an enduring framework for processing and organizing just about everything they will learn and experience, during and beyond

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their classroom-based education, related to the management of organizations.

Second, there are **three underlying themes** carried through all the chapters. These themes are *strategic thinking*, *entrepreneurial thinking*, and *active management*. Strategy, for instance, is explicitly concerned with the determinants of high performance. Importantly, you will find that we treat performance using the notion of the triple bottom line—the idea that economic performance allows individuals and organizations to perform positively in social and environmental ways as well. The triple bottom line is financial, social, and environmental performance.

The entrepreneurial dimension reflects an underlying and growing trend that shows that students and instructors see themselves as entrepreneurs and active change agents, not just managers. By starting fresh with an entrepreneurial/change management orientation, we provide an exciting perspective on the principles of management.

Finally, starting with the opening chapter, we incorporate an active management perspective to show how leaders and leadership are essential to personal and organizational effectiveness and effective organizational change. Moreover, the concluding section of each chapter is focused on the assessment and development of particular management skills. Students and instructors are active as leaders at an increasingly early age and are sometimes painfully aware of the leadership failings they see in public and private organizations. It is the leader and leadership that bring *Principles* together.

Third, your author team is bringing a truly **interdisciplinary perspective** to your *Principles* course. The book that is the foundation for how you learn about, study, and teach *Principles* is titled *Principles of Management: A Behavioral Approach*, and *behavioral* has very important implications for our emphasis on skills and decision making, coupled with the strategic, entrepreneurial, and leadership orientations. Your authors are award-winning teachers who couple a deep knowledge and experience about the book's conceptual underpinnings with a sincere appreciation for experiential teaching approaches.

THANK YOU FOR JOINING THE REVOLUTION

In adopting Carpenter, Bauer, and Erdogan, you are **joining the revolution** that is otherwise known as Flat World Knowledge, our partner and publisher. For this we thank you. The people at Flat World Knowledge and your author team share a common vision about the future of management education that is based on *powerful but fun and simple-to-use teaching and learning tools*. Moreover, Flat World Knowledge gives you—you the student and you the instructor—the power to choose. Our 16 chapters are written using a “modular” format with self-contained sections that can be reorganized, deleted, “added to,” and even edited at the sentence level. Using our build-a-book platform, you can easily customize your book to suit your needs and those of your students. An extensive author-prepared instructors’ manual and excellent set of PowerPoint slides provide teaching support to instructors. A test item file developed using state-of-the-art assessment techniques supports faculty in evaluating student performance.

Only with Flat World Knowledge learning platforms do you have the power to choose what your *Principles* book looks like, when and how you access your *Principles* material, what you use and don't use, when it will be changed, how much you pay for it, and what other study vehicles you leverage. These innovative study vehicles range from book podcasts, flash cards, and peer discussion groups organized in social network formats. Nowhere else on the planet can this combination of user-friendliness, user choice, and leading edge technologies be found for business education and learning.

Thank you for joining the revolution—please spread the word!

Mason, Talya, and Berrin

CHAPTER 1 Introduction to Principles of Management

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FIGURE 1.1

Managers make things happen through strategic and entrepreneurial leadership.



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WHAT'S IN IT FOR ME?

Reading this chapter will help you do the following:

1. Learn who managers are and about the nature of their work.
2. Know why you should care about leadership, entrepreneurship, and strategy.
3. Know the dimensions of the planning-organizing-leading-controlling (P-O-L-C) framework.
4. Learn how economic performance feeds social and environmental performance.
5. Understand what performance means at the individual and group levels.
6. Create your survivor's guide to learning and developing principles of management.

We're betting that you already have a lot of experience with organizations, teams, and leadership. You've been through schools, in clubs, participated in social or religious groups, competed in sports or games, or taken on full-or part-time jobs. Some of your experience was probably pretty positive, but you were also likely wondering sometimes, "Isn't there a better way to do this?"

After participating in this course, we hope that you find the answer to be "Yes!" While management is both art and science, with our help you can identify and develop the skills essential to better managing your and others' behaviors where organizations are concerned.

Before getting ahead of ourselves, just what is management, let alone principles of management? A manager's primary challenge is to solve problems creatively, and you should view **management** as "the art of getting things done through the efforts of other people."^[1] The **principles of management**, then, are the means by which you actually manage, that is, get things done through others—individually, in groups, or in organizations. Formally defined, the principles of management are the activities that "plan, organize, and control the operations of the basic elements of [people], materials, machines, methods, money and markets, providing direction and coordination, and giving leadership to human efforts, so as to achieve the sought objectives of the enterprise."^[2] For this reason, principles of management are often discussed or learned using a framework

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called P-O-L-C, which stands for planning, organizing, leading, and controlling.

Managers are required in all the activities of organizations: budgeting, designing, selling, creating, financing, accounting, and artistic presentation; the larger the organization, the more managers are needed. Everyone employed in an organization is affected by management principles, processes, policies, and practices as they are either a manager or a subordinate to a manager, and usually they are both.

Managers do not spend all their time managing. When choreographers are dancing a part, they are not managing, nor are office managers managing when they personally check out a customer's credit. Some employees perform only part of the functions described as managerial—and to that extent, they are mostly managers in limited areas. For example, those who are assigned the preparation of plans in an advisory capacity to a manager, to that extent, are making management decisions by deciding which of several alternatives to present to the management. However, they have no participation in the functions of organizing, staffing, and supervising and no control over the implementation of the plan selected from those recommended. Even independent consultants are managers, since they get most things done through others—those *others* just happen to be their clients! Of course, if advisers or consultants have their own staff of subordinates, they become a manager in the fullest sense of the definition. They must develop business plans; hire, train, organize, and motivate their staff members; establish internal policies that will facilitate the work and direct it; and represent the group and its work to those outside of the firm.

From the Margin of the Page

management

The art of getting things done through the efforts of other people.

principles of management

The means by which you actually manage, that is, get things done through others.

1. CASE IN POINT: DOING GOOD AS A CORE BUSINESS STRATEGY



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Goodwill Industries International (a nonprofit organization) has been an advocate of diversity for over 100 years. In 1902, in Boston, Massachusetts, a young missionary set up a small operation enlisting struggling immigrants in his parish to clean and repair clothing and goods to later sell. This provided workers with the opportunity for basic education and language training. His philosophy was to provide a “hand up,” not a “hand out.” Although today you can find retail stores in over 2,300 locations worldwide, and in 2009 more than 64 million people in the United States and Canada donated to Goodwill, the organization has maintained its core mission to respect the dignity of individuals by eliminating barriers to opportunity through the power of work. Goodwill accomplishes this goal, in part, by putting 84% of its revenue back into programs to provide employment, which in 2008 amounted to \$3.23 billion. As a result of these programs, every 42 seconds of every

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business day, someone gets a job and is one step closer to achieving economic stability.

Goodwill is a pioneer of social enterprise and has managed to build a culture of respect through its diversity programs. If you walk into a local Goodwill retail store you are likely to see employees from all walks of life, including differences in gender and race, physical ability, sexual orientation, and age. Goodwill provides employment opportunities for individuals with disabilities, lack of education, or lack of job experience. The company has created programs for individuals with criminal backgrounds who might otherwise be unable to find employment, including basic work skill development, job placement assistance, and life skills. In 2008, more than 172,000 people obtained employment, earning \$2.3 billion in wages and gaining tools to be productive members of their community. Goodwill has established diversity as an organizational norm, and as a result, employees are comfortable addressing issues of stereotyping and discrimination. In an organization of individuals with such wide-ranging backgrounds, it is not surprising that there are a wide range of values and beliefs.

Management and operations are decentralized within the organization with 166 independent community-based Goodwill stores. These regional businesses are independent, not-for-profit human services organizations. Despite its decentralization, the company has managed to maintain its core values. Seattle's Goodwill is focused on helping the city's large immigrant population and those individuals without basic education and English language skills. And at Goodwill Industries of Kentucky, the organization recently invested in custom software to balance daily sales at stores to streamline operations so managers can spend less time on paperwork and more time managing employees.

Part of Goodwill's success over the years can be attributed to its ability to innovate. As technology evolves and such skills became necessary for most jobs, Goodwill has developed training programs to ensure that individuals are fully equipped to be productive members of the workforce, and in 2008 Goodwill was able to provide 1.5 million people with career services. As an organization, Goodwill itself has entered into the digital age. You can now find Goodwill on Facebook, Twitter, and YouTube. Goodwill's business practices encompass the values of the triple bottom line of people, planet, and profit. The organization is taking advantage of new green initiatives and pursuing opportunities for sustainability. For example, at the beginning of 2010, Goodwill received a \$7.3 million grant from the U.S. Department of Labor, which will provide funds to prepare individuals to enter the rapidly growing green industry of their choice. Oregon's Goodwill Industries has partnered with the Oregon Department of Environmental Quality and its Oregon E-Cycles program to prevent the improper disposal of electronics. Goodwill discovered long ago that diversity is an advantage rather than a hindrance.

Case written by Carlene Reynolds, Talya Bauer, and Berrin Erdogan to accompany Carpenter, M., Bauer, T., & Erdogan, B. (2009). Principles of management (1st ed.). New York: Flat World Knowledge. Based on information from Goodwill Industries of North Central Wisconsin. (2009). A brief history of Goodwill Industries International. Retrieved March 3, 2010, from <http://www.goodwillncw.org/goodwillhistory1.htm>; Walker, R. (2008, November 2). Consumed: Goodwill hunting. New York Times Magazine, p. 18; Tabafunda, J. (2008, July 26). After 85 years, Seattle Goodwill continues to improve lives. Northwest Asian Weekly. Retrieved March 1, 2010, from <http://www.nwasianweekly.com/old/2008270031/goodwill20082731.htm>; Slack, E. (2009). Selling hope. Retail Merchandiser, 49(1), 89-91; Castillo, L. (2009, February 24). Goodwill Industries offers employment programs. Clovis News Journal. Retrieved April 22, 2010, from <http://www.cnnonline.com/news/industries-32474-goodwill-duttweiler.html>; Information retrieved April 22, 2010, from the Oregon E-Cycles Web site: <http://www.deq.state.or.us/lq/ecycle>.

DISCUSSION QUESTIONS

1. How might the implications of the P-O-L-C framework differ for an organization like Goodwill Industries versus a firm like Starbucks?
2. What are Goodwill's competitive advantages?
3. Goodwill has found success in the social services. What problems might result from hiring and training the diverse populations that Goodwill is involved with?
4. Have you ever experienced problems with discrimination in a work or school setting?

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5. Why do you think that Goodwill believes it necessary to continually innovate?

2. WHO ARE MANAGERS?

LEARNING OBJECTIVES

1. Know what is meant by “manager”.
2. Be able to describe the types of managers.
3. Understand the nature of managerial work.

2.1 Managers

We tend to think about managers based on their position in an organization. This tells us a bit about their role and the nature of their responsibilities. The following figure summarizes the historic and contemporary views of organizations with respect to managerial roles.^[3] In contrast to the traditional, hierarchical relationship among layers of management and managers and employees, in the contemporary view, top managers support and serve other managers and employees (through a process called empowerment), just as the organization ultimately exists to serve its customers and clients. **Empowerment** is the process of enabling or authorizing an individual to think, behave, take action, and control work and decision making in autonomous ways.

From the Margin of the Page

empowerment

The process of enabling or authorizing an individual to think, behave, take action, and control work and decision making in autonomous ways.

In both the traditional and contemporary views of management, however, there remains the need for different types of managers. *Top managers* are responsible for developing the organization's strategy and being a steward for its vision and mission. A second set of managers includes functional, team, and general managers. *Functional managers* are responsible for the efficiency and effectiveness of an area, such as accounting or marketing. *Supervisory* or *team managers* are responsible for coordinating a subgroup of a particular function or a team composed of members from different parts of the organization. Sometimes you will hear distinctions made between line and staff managers.

A *line manager* leads a function that contributes directly to the products or services the organization creates. For example, a line manager (often called a *product*, or *service manager*) at Procter & Gamble (P&G) is responsible for the production, marketing, and profitability of the Tide detergent product line. A *staff manager*, in contrast, leads a function that creates indirect inputs. For example, finance and accounting are critical organizational functions but do not typically provide an input into the final product or service a customer buys, such as a box of Tide detergent. Instead, they serve a supporting role. A *project manager* has the responsibility for the planning, execution, and closing of any project. Project managers are often found in construction, architecture, consulting, computer networking, telecommunications, or software development.

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FIGURE 1.3

Communication is a key managerial role.



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A *general manager* is someone who is responsible for managing a clearly identifiable revenue-producing unit, such as a store, business unit, or product line. General managers typically must make decisions across different functions and have rewards tied to the performance of the entire unit (i.e., store, business unit, product line, etc.). General managers take direction from their top executives. They must first understand the executives' overall plan for the company. Then they set specific goals for their own departments to fit in with the plan. The general manager of production, for example, might have to increase certain product lines and phase out others. General managers must describe their goals clearly to their support staff. The supervisory managers see that the goals are met.

FIGURE 1.4 The Changing Roles of Management and Managers



2.2 The Nature of Managerial Work

Managers are responsible for the processes of getting activities completed efficiently with and through other people and setting and achieving the firm's goals through the execution of four basic management functions: planning, organizing, leading, and controlling. Both sets of processes utilize human, financial, and material resources.

Of course, some managers are better than others at accomplishing this! There have been a number of studies on what

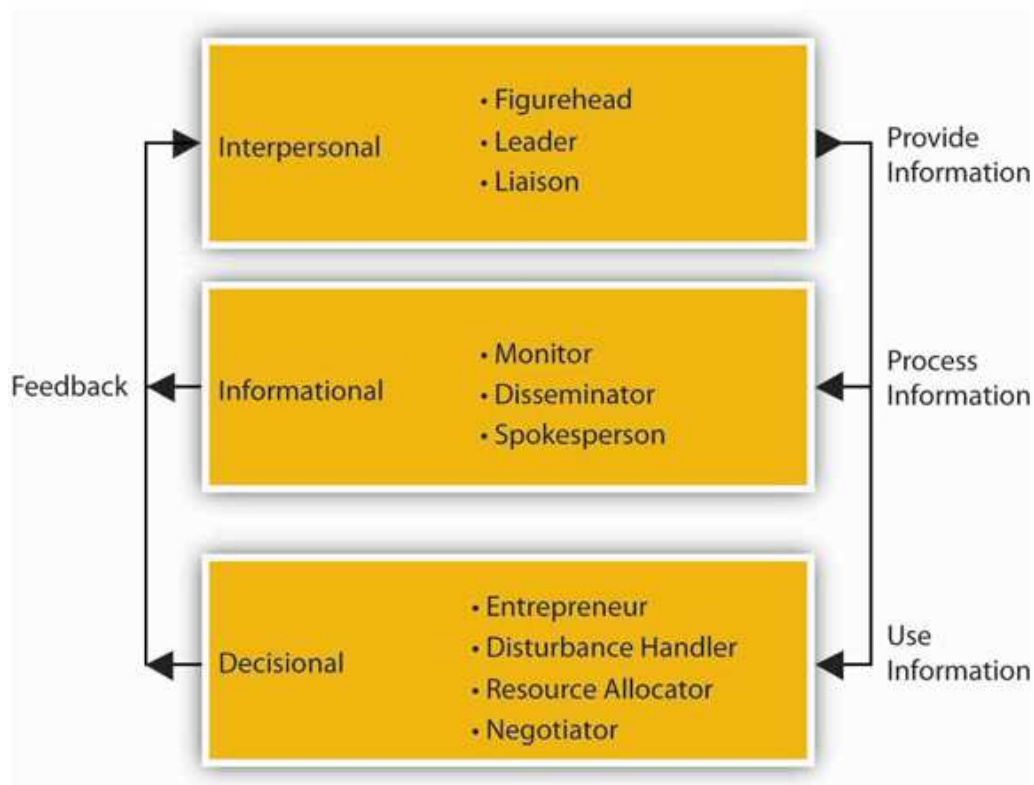
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managers actually do, the most famous of those conducted by Professor Henry Mintzberg in the early 1970s.^[4] One explanation for Mintzberg's enduring influence is perhaps that the nature of managerial work has changed very little since that time, aside from the shift to an empowered relationship between top managers and other managers and employees, and obvious changes in technology, and the exponential increase in information overload.

After following managers around for several weeks, Mintzberg concluded that, to meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors, and Mintzberg identified 10 roles common to the work of all managers. As summarized in the following figure, the 10 roles are divided into three groups: interpersonal, informational, and decisional. The informational roles link all managerial work together. The interpersonal roles ensure that information is provided. The decisional roles make significant use of the information. The performance of managerial roles and the requirements of these roles can be played at different times by the same manager and to different degrees, depending on the level and function of management. The 10 roles are described individually, but they form an integrated whole.

The three interpersonal roles are primarily concerned with interpersonal relationships. In the figurehead role, the manager represents the organization in all matters of formality. The top-level manager represents the company legally and socially to those outside of the organization. The supervisor represents the work group to higher management and higher management to the work group. In the liaison role, the manager interacts with peers and people outside the organization. The top-level manager uses the liaison role to gain favors and information, while the supervisor uses it to maintain the routine flow of work. The leader role defines the relationships between the manager and employees.

FIGURE 1.5 Ten Managerial Roles



The direct relationships with people in the interpersonal roles place the manager in a unique position to get information. Thus, the three informational roles are primarily concerned with the information aspects of managerial work. In the monitor role, the manager receives and collects information. In the role of disseminator, the manager transmits special information into the organization. The top-level manager receives and transmits more information from people outside the organization

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than the supervisor. In the role of spokesperson, the manager disseminates the organization's information into its environment. Thus, the top-level manager is seen as an industry expert, while the supervisor is seen as a unit or departmental expert.

The unique access to information places the manager at the center of organizational decision making. There are four decisional roles managers play. In the entrepreneur role, the manager initiates change. In the disturbance handler role, the manager deals with threats to the organization. In the resource allocator role, the manager chooses where the organization will expend its efforts. In the negotiator role, the manager negotiates on behalf of the organization. The top-level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.

The supervisor performs these managerial roles but with different emphasis than higher managers. Supervisory management is more focused and short-term in outlook. Thus, the figurehead role becomes less significant and the disturbance handler and negotiator roles increase in importance for the supervisor. Since leadership permeates all activities, the leader role is among the most important of all roles at all levels of management.

So what do Mintzberg's conclusions about the nature of managerial work mean for you? On the one hand, managerial work is the lifeblood of most organizations because it serves to choreograph and motivate individuals to do amazing things. Managerial work is exciting, and it is hard to imagine that there will ever be a shortage of demand for capable, energetic managers. On the other hand, managerial work is necessarily fast-paced and fragmented, where managers at all levels express the opinion that they must process much more information and make more decisions than they could have ever possibly imagined. So, just as the most successful organizations seem to have well-formed and well-executed strategies, there is also a strong need for managers to have good strategies about the way they will approach their work. This is exactly what you will learn through principles of management.

KEY TAKEAWAY

Managers are responsible for getting work done through others. We typically describe the key managerial functions as planning, organizing, leading, and controlling. The definitions for each of these have evolved over time, just as the nature of managing in general has evolved over time. This evolution is best seen in the gradual transition from the traditional hierarchical relationship between managers and employees, to a climate characterized better as an upside-down pyramid, where top executives support middle managers and they, in turn, support the employees who innovate and fulfill the needs of customers and clients. Through all four managerial functions, the work of managers ranges across 10 roles, from figurehead to negotiator. While actual managerial work can seem challenging, the skills you gain through principles of management—consisting of the functions of planning, organizing, leading, and controlling—will help you to meet these challenges.

EXERCISES

1. Why do organizations need managers?
2. What are some different types of managers and how do they differ?
3. What are Mintzberg's 10 managerial roles?
4. What three areas does Mintzberg use to organize the 10 roles?
5. What four general managerial functions do principles of management include?

3. LEADERSHIP, ENTREPRENEURSHIP, AND STRATEGY

LEARNING OBJECTIVES

1. Know the roles and importance of leadership, entrepreneurship, and strategy in principles of management.

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2. Understand how leadership, entrepreneurship, and strategy are interrelated.

The principles of management are drawn from a number of academic fields, principally, the fields of leadership, entrepreneurship, and strategy.

From the Margin of the Page

leadership
The act of influencing others
toward a goal.

3.1 Leadership

If management is defined as getting things done through others, then **leadership** should be defined as the social and informal sources of influence that you use to inspire action taken by others. It means mobilizing others to want to struggle toward a common goal. Great leaders help build an organization's human capital, then motivate individuals to take concerted action. Leadership also includes an understanding of when, where, and how to use more formal sources of authority and power, such as position or ownership. Increasingly, we live in a world where good *management* requires good *leaders* and *leadership*. While these views about the importance of leadership are not new (see "Views on Managers Versus Leaders"), competition among employers and countries for the best and brightest, increased labor mobility (think "war for talent" here), and hypercompetition puts pressure on firms to invest in present and future leadership capabilities.

P&G provides a very current example of this shift in emphasis to leadership as a key principle of management. For example, P&G recruits and promotes those individuals who demonstrate success through influence rather than direct or coercive authority. Internally, there has been a change from managers being outspoken and needing to direct their staff, to being individuals who electrify and inspire those around them. Good leaders and leadership at P&G used to imply having followers, whereas in today's society, good leadership means followership and bringing out the best in your peers. This is one of the key reasons that P&G has been consistently ranked among the top 10 most admired companies in the United States for the last three years, according to *Fortune* magazine.^[5]

Whereas P&G has been around for some 170 years, another winning firm in terms of leadership is Google, which has only been around for little more than a decade. Both firms emphasize leadership in terms of being exceptional at developing people. Google has topped *Fortune*'s 100 Best Companies to Work for the past two years. Google's founders, Sergey Brin and Larry Page, built a company around the idea that work should be challenging and the challenge should be fun.^[6] Google's culture is probably unlike any in corporate America, and it's not because of the ubiquitous lava lamps throughout the company's headquarters or that the company's chef used to cook for the Grateful Dead. In the same way Google puts users first when it comes to online service, Google espouses that it puts employees first when it comes to daily life in all of its offices. There is an emphasis on team achievements and pride in individual accomplishments that contribute to the company's overall success. Ideas are traded, tested, and put into practice with a swiftness that can be dizzying. Observers and employees note that meetings that would take hours elsewhere are frequently little more than a conversation in line for lunch and few walls separate those who write the code from those who write the checks. This highly communicative environment fosters a productivity and camaraderie fueled by the realization that millions of people rely on Google results. Leadership at Google amounts to a deep belief that if you give the proper tools to a group of people who like to make a difference, they will.

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FIGURE 1.6

Leaders inspire the collective action of others toward a shared goal.



Views on Managers Versus Leaders

My definition of a leader...is a man who can persuade people to do what they don't want to do, or do what they're too lazy to do, and like it.

- Harry S. Truman (1884-1972), 33rd president of the United States

You cannot manage men into battle. You manage things; you lead people.

- Grace Hopper (1906-1992), Admiral, U.S. Navy

Managers have subordinates—leaders have followers.

- Chester Bernard (1886-1961), former executive and author of *Functions of the Executive*

The first job of a leader is to define a vision for the organization...leadership is the capacity to translate vision into reality.

- Warren Bennis (1925-), author and leadership scholar

A manager takes people where they want to go. A great leader takes people where they don't necessarily want to go but ought to.

- Rosalynn Carter (1927-), First Lady of the United States, 1977-1981

3.2 Entrepreneurship

It's fitting that this section on entrepreneurship follows the discussion of Google. **Entrepreneurship** is defined as the recognition of opportunities (needs, wants, problems, and challenges) and the use or creation of resources to implement innovative ideas for new, thoughtfully planned ventures. Perhaps this is obvious, but an **entrepreneur** is a person who engages in the process of entrepreneurship. We describe entrepreneurship as a process because it often involves more than simply coming up with a good idea—someone also has to convert that idea into action. As an example of both, Google's leaders suggest that its point of distinction "is anticipating needs not yet articulated by our global audience, then meeting them with products and services that set new standards. This constant dissatisfaction with the way things are is ultimately the driving force behind the world's best search engine." [7]

Entrepreneurs and entrepreneurship are the catalysts for value creation. They identify and create new markets, as well as foster change in existing ones. However, such value creation first requires an opportunity. Indeed, the opportunity-driven nature of entrepreneurship is critical. Opportunities are typically characterized as problems in search of solutions, and the best opportunities are big problems in search of big solutions. "The greater the inconsistencies in existing service and quality, in lead times and in lag times, the greater the vacuums and gaps in information and knowledge, the greater the

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opportunities.”^[8] In other words, bigger problems will often mean there will be a bigger market for the product or service that the entrepreneur creates. We hope you can see why the problem-solving, opportunity-seeking nature of entrepreneurship is a fundamental building block for effective principles of management.

3.3 Strategy

When an organization has a long-term purpose, articulated in clear goals and objectives, and these goals and objectives can be rolled up into a coherent plan of action, then we would say that the organization has a strategy. It has a *good* or even *great* strategy when this plan also takes advantage of unique resources and capabilities to exploit a big and growing external opportunity. **Strategy** then, is the central, integrated, externally-oriented concept of how an organization will achieve its objectives.^[9] **Strategic management** is the body of knowledge that answers questions about the development and implementation of good strategies.

Strategic management is important to all organizations because, when correctly formulated and communicated, strategy provides leaders and employees with a clear set of guidelines for their daily actions. This is why strategy is so critical to the principles of management you are learning about. Simply put, strategy is about making choices: What do I do today? What shouldn't I be doing? What should my organization be doing? What should it stop doing?

3.4 Synchronizing Leadership, Entrepreneurship, and Strategy

You know that leadership, entrepreneurship, and strategy are the inspiration for important, valuable, and useful principles of management. Now you will want to understand how they might relate to one another. In terms of principles of management, you can think of leadership, entrepreneurship, and strategic management as answering questions about “who,” “what,” and “how.” Leadership helps you understand who helps lead the organization forward and what the critical characteristics of good leadership might be. Entrepreneurial firms and entrepreneurs in general are fanatical about identifying opportunities and solving problems—for any organization, entrepreneurship answers big questions about “what” an organization's purpose might be. Finally, strategic management aims to make sure that the right choices are made—specifically, that a good strategy is in place—to exploit those big opportunities.

One way to see how leadership, entrepreneurship, and strategy come together for an organization—and for you—is through a recent (disguised) job posting from Craigslist. Look at the ideal candidate characteristics identified in the Help Wanted ad—you don't have to look very closely to see that if you happen to be a recent business undergrad, then the organization depicted in the ad is looking for you. The posting identifies a number of areas of functional expertise for the target candidate. You can imagine that this new position is pretty critical for the success of the business. For that reason, we hope you are not surprised to see that, beyond functional expertise, this business seeks someone with leadership, entrepreneurial, and strategic orientation and skills. Now you have a better idea of what those key principles of management involve.

From the Margin of the Page

entrepreneurship

The recognition of opportunities (needs, wants, problems, and challenges) and the use or creation of resources to implement innovative ideas for new, thoughtfully planned ventures.

entrepreneur

A person who engages in the process of entrepreneurship.

strategy

The central, integrated, externally-oriented concept of how an organization will achieve its objectives.

strategic management

What an organization does to achieve its mission and vision.

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Help Wanted—Chief of Staff

We're hiring a chief of staff to bring some order to the mayhem of our firm's growth. You will touch everything at the company, from finance to sales, marketing to operations, recruiting to human resources, accounting to investor relations. You will report directly to the CEO.

Here's what you're going to be asked to do across a range of functional areas in the first 90 days, before your job evolves into a whole new set of responsibilities:

Marketing

- Leverage our existing customer base using best-in-class direct marketing campaigns via e-mail, phone, Web, and print or mail communications.
- Convert our current customer spreadsheet and database into a highly functional, lean customer relationship management (CRM) system—we need to build the infrastructure to service and reach out to customers for multiple users.
- Be great at customer service personally—excelling in person and on the phone, and you will help us build a Ninja certification system for our employees and partners to be like you.
- Build our Web-enabled direct sales force, requiring a lot of strategic work, sales-force incentive design and experimentation, and rollout of Web features to support the direct channel.

Sales

- Be great at demonstrating our product in the showroom, as well as at your residence and in the field—plan to be one of the top sales reps on the team (and earn incremental variable compensation for your efforts).

Finance and Accounting

- Build our financial and accounting structures and processes, take over QuickBooks, manage our team of accountants, hire additional resources as needed, and get that profit and loss statement (P&L) rocking.
- Figure out when we should pay our bills and manage team members to get things paid on time and manage our working capital effectively.
- Track our actual revenues and expenses against your own projection—you will be building and running our financial model.

Operations

- We are building leading-edge capabilities on returns, exchanges, and shipping—you will help guide strategic thinking on operational solutions and will implement them with our operations manager.
- We are looking for new headquarters, you may help identify, build out, and launch.

HR and Recruiting

- We are recruiting a team of interns—you will take the lead on the program, and many or all of them will report to you; you will be an ombudsman of sorts for our summer program.
- The company has a host of HR needs that are currently handled by the CEO and third parties; you will take over many of these.

Production and Product Development

- The company is actively recruiting a production assistant/manager—in the meanwhile, there are a number of Web-facing

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and vendor-facing activities you will pitch in on.

The Ideal Candidate Is...

- a few years out of college but is at least two or three years away from going to business or other graduate school;
- charismatic and is instantly likeable to a wide variety of people, driven by sparkling wit, a high degree of extraversion, and a balanced mix of self-confidence and humility;
- able to read people quickly and knows how to treat people accordingly;
- naturally compassionate and demonstrates strong empathy, easily thinking of the world from the perspective of another person;
- an active listener and leaves people with the sense that they are well heard;
- exceptionally detail-oriented and has a memory like a steel trap—nothing falls through the cracks;
- razor sharp analytically, aced the math section of their SAT test, and excels at analyzing and solving problems;
- a perfectionist and keeps things in order with ease.

KEY TAKEAWAY

The principles of management are drawn from three specific areas—leadership, entrepreneurship, and strategic management. You learned that leadership helps you understand who helps lead the organization forward and what the critical characteristics of good leadership might be. Entrepreneurs are fanatical about identifying opportunities and solving problems—for any organization, entrepreneurship answers big questions about “what” an organization’s purpose might be. Finally, as you’ve already learned, strategic management aims to make sure that the right choices are made—specifically, that a good strategy is in place—to exploit those big opportunities.

EXERCISES

1. How do you define leadership, and who would you identify as a great leader?
2. What is entrepreneurship?
3. What is strategy?
4. What roles do leadership, entrepreneurship, and strategy play in good principles of management?

4. PLANNING, ORGANIZING, LEADING, AND CONTROLLING

LEARNING OBJECTIVES

- 1. Know the dimensions of the planning-organizing-leading-controlling (P-O-L-C) framework.**
- 2. Know the general inputs into each P-O-L-C dimension.**

A manager’s primary challenge is to solve problems creatively. While drawing from a variety of academic disciplines, and to help managers respond to the challenge of creative problem solving, principles of management have long been categorized into the four major functions of planning, organizing, leading, and controlling (the P-O-L-C framework). The four functions, summarized in the P-O-L-C figure, are actually highly integrated when carried out in the day-to-day realities of running an organization. Therefore, you should not get caught up in trying to analyze and understand a complete, clear rationale for

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categorizing skills and practices that compose the whole of the P-O-L-C framework.

It is important to note that this framework is not without criticism. Specifically, these criticisms stem from the observation that the P-O-L-C functions might be ideal but that they do not accurately depict the day-to-day actions of actual managers.^[10] The typical day in the life of a manager at any level can be fragmented and hectic, with the constant threat of having priorities dictated by the law of the trivial many and important few (i.e., the 80/20 rule). However, the general conclusion seems to be that the P-O-L-C functions of management still provide a very useful way of classifying the activities managers engage in as they attempt to achieve organizational goals.^[11]

FIGURE 1.7 The P-O-L-C Framework

Planning	Organizing	Leading	Controlling
1. Vision & Mission 2. Strategizing 3. Goals & Objectives	1. Organization Design 2. Culture 3. Social Networks	1. Leadership 2. Decision Making 3. Communications 4. Groups/Teams 5. Motivation	1. Systems/Processes 2. Strategic Human Resources

4.1 Planning

Planning is the function of management that involves setting objectives and determining a course of action for achieving those objectives. Planning requires that managers be aware of environmental conditions facing their organization and forecast future conditions. It also requires that managers be good decision makers.

Planning is a process consisting of several steps. The process begins with **environmental scanning** which simply means that planners must be aware of the critical contingencies facing their organization in terms of economic conditions, their competitors, and their customers. Planners must then attempt to forecast future conditions. These forecasts form the basis for planning.

Planners must establish objectives, which are statements of what needs to be achieved and when. Planners must then identify alternative courses of action for achieving objectives. After evaluating the various alternatives, planners must make decisions about the best courses of action for achieving objectives. They must then formulate necessary steps and ensure effective implementation of plans. Finally, planners must constantly evaluate the success of their plans and take corrective action when necessary.

There are many different types of plans and planning.

Strategic planning involves analyzing competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in their environment. Strategic planning has a long time frame, often three years or more. Strategic planning generally includes the entire organization and includes formulation of objectives. Strategic planning is often based on the organization's mission, which is its fundamental reason for existence. An organization's top management most often conducts strategic planning.

Tactical planning is intermediate-range (one to three years) planning that is designed to develop relatively concrete and specific means to implement the strategic plan. Middle-level managers often engage in tactical planning.

Operational planning generally assumes the existence of organization-wide or subunit goals and objectives and specifies ways to achieve them. Operational planning is short-range (less than a year) planning that is designed to develop specific action steps that support the strategic and tactical plans.

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4.2 Organizing

Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives. The structure of the organization is the framework within which effort is coordinated. The structure is usually represented by an organization chart, which provides a graphic representation of the chain of command within an organization. Decisions made about the structure of an organization are generally referred to as **organizational design** decisions.

Organizing also involves the design of individual jobs within the organization. Decisions must be made about the duties and responsibilities of individual jobs, as well as the manner in which the duties should be carried out. Decisions made about the nature of jobs within the organization are generally called “job design” decisions.

Organizing at the level of the organization involves deciding how best to departmentalize, or cluster, jobs into departments to coordinate effort effectively. There are many different ways to departmentalize, including organizing by function, product, geography, or customer. Many larger organizations use multiple methods of departmentalization.

Organizing at the level of a particular job involves how best to design individual jobs to most effectively use human resources. Traditionally, **job design** was based on principles of division of labor and specialization, which assumed that the more narrow the job content, the more proficient the individual performing the job could become. However, experience has shown that it is possible for jobs to become too narrow and specialized. For example, how would you like to screw lids on jars one day after another, as you might have done many decades ago if you worked in company that made and sold jellies and jams? When this happens, negative outcomes result, including decreased job satisfaction and organizational commitment, increased absenteeism, and turnover.

From the Margin of the Page

environmental scanning The act of analyzing the critical external contingencies facing an organization in terms of economic conditions, competitors, and customers.
strategic planning The process of analyzing competitive opportunities and threats, as well as the strengths and weaknesses of the organization, and then determining how to position the organization to compete effectively in its environment.
tactical planning Intermediate-range planning that is designed to develop relatively concrete and specific means to implement the strategic plan.
operational planning Assumes the existence of goals and objectives and specifies ways to achieve them.

From the Margin of the Page

organizational design The matching of organizational form, such as structure, reporting relationships, and information technology, with the organization's strategy.
job design The process of putting together various elements to form a job, bearing in mind organizational and individual worker requirements.

Recently, many organizations have attempted to strike a balance between the need for worker specialization and the need for workers to have jobs that entail variety and autonomy. Many jobs are now designed based on such principles as empowerment, **job enrichment** and **teamwork**. For example, HUI Manufacturing, a custom sheet metal fabricator, has done

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away with traditional “departments” to focus on listening and responding to customer needs. From company-wide meetings to team huddles, HUI employees know and understand their customers and how HUI might service them best.^[12]

4.3 Leading

Leading involves the social and informal sources of influence that you use to inspire action taken by others. If managers are effective leaders, their subordinates will be enthusiastic about exerting effort to attain organizational objectives.

The behavioral sciences have made many contributions to understanding this function of management. Personality research and studies of job attitudes provide important information as to how managers can most effectively lead subordinates. For example, this research tells us that to become effective at leading, managers must first understand their subordinates’ personalities, values, attitudes, and emotions.

Studies of motivation and motivation theory provide important information about the ways in which workers can be energized to put forth productive effort. Studies of communication provide direction as to how managers can effectively and persuasively communicate. Studies of leadership and leadership style provide information regarding questions, such as, “What makes a manager a good leader?” and “In what situations are certain leadership styles most appropriate and effective?”

4.4 Controlling

Controlling involves ensuring that performance does not deviate from standards. Controlling consists of three steps, which include (1) establishing performance standards, (2) comparing actual performance against standards, and (3) taking corrective action when necessary. Performance standards are often stated in monetary terms such as revenue, costs, or profits but may also be stated in other terms, such as units produced, number of defective products, or levels of quality or customer service.

The measurement of performance can be done in several ways, depending on the performance standards, including financial statements, sales reports, production results, customer satisfaction, and formal performance appraisals. Managers at all levels engage in the managerial function of controlling to some degree.

The managerial function of controlling should not be confused with control in the behavioral or manipulative sense. This function does not imply that managers should attempt to control or to manipulate the personalities, values, attitudes, or emotions of their subordinates. Instead, this function of management concerns the manager’s role in taking necessary actions to ensure that the work-related activities of subordinates are consistent with and contributing toward the accomplishment of organizational and departmental objectives.

Effective controlling requires the existence of plans, since planning provides the necessary performance standards or objectives. Controlling also requires a clear understanding of where responsibility for deviations from standards lies. Two traditional control techniques are budget and performance audits. An audit involves an examination and verification of records and supporting documents. A budget audit provides information about where the organization is with respect to what was planned or budgeted for, whereas a performance audit might try to determine whether the figures reported are a reflection of actual performance. Although controlling is often thought of in terms of financial criteria, managers must also control production and operations processes, procedures for delivery of services, compliance with company policies, and many other activities within the organization.

The management functions of planning, organizing, leading, and controlling are widely considered to be the best means of describing the manager’s job, as well as the best way to classify accumulated knowledge about the study of management. Although there have been tremendous changes in the environment faced by managers and the tools used by managers to perform their roles, managers still perform these essential functions.

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FIGURE 1.8

Quality control ensures that the organization delivers on its promises.



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KEY TAKEAWAY

The principles of management can be distilled down to four critical functions. These functions are planning, organizing, leading, and controlling. This P-O-L-C framework provides useful guidance into what the ideal job of a manager should look like.

From the Margin of the Page

job enrichment

A job redesign technique that allows workers more control over how they perform their own tasks.

teamwork

Cooperative effort by the members of a group or team to achieve a common goal.

EXERCISES

1. What are the management functions that comprise the P-O-L-C framework?
2. Are there any criticisms of this framework?
3. What function does planning serve?
4. What function does organizing serve?
5. What function does leading serve?
6. What function does controlling serve?

5. ECONOMIC, SOCIAL, AND ENVIRONMENTAL PERFORMANCE

LEARNING OBJECTIVES

1. Be able to define economic, social, and environmental performance.

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2. Understand how economic performance is related to social and environmental performance.

Webster's dictionary defines performance as "the execution of an action" and "something accomplished."^[13] Principles of management help you better understand the inputs into critical organizational outcomes like a firm's economic performance. Economic performance is very important to a firm's **stakeholders** particularly its investors or owners, because this performance eventually provides them with a return on their investment. Other stakeholders, like the firm's employees and the society at large, are also deemed to benefit from such performance, albeit less directly. Increasingly though, it seems clear that noneconomic accomplishments, such as reducing waste and pollution, for example, are key indicators of performance as well. Indeed, this is why the notion of the **triple bottom line** is gaining so much attention in the business press. Essentially, the triple bottom line refers to The measurement of business performance along social, environmental, *and* economic dimensions. We introduce you to economic, social, and environmental performance and conclude the section with a brief discussion of the interdependence of economic performance with other forms of performance.

5.1 Economic Performance

In a traditional sense, the economic performance of a firm is a function of its success in producing benefits for its owners in particular, through product innovation and the efficient use of resources. When you talk about this type of economic performance in a business context, people typically understand you to be speaking about some form of profit.

The definition of economic profit is the difference between revenue and the opportunity cost of all resources used to produce the items sold.^[14] This definition includes implicit returns as costs. For our purposes, it may be simplest to think of economic profit as a form of **accounting profit** where profits are achieved when revenues exceed the accounting cost the firm "pays" for those inputs. In other words, your organization makes a profit when its revenues are more than its costs in a given period of time, such as three months, six months, or a year.

Before moving on to social and environmental performance, it is important to note that *customers* play a big role in economic profits. Profits accrue to firms because customers are willing to pay a certain price for a product or service, as opposed to a competitor's product or service of a higher or lower price. If customers are only willing to make purchases based on price, then a firm, at least in the face of competition, will only be able to generate profit if it keeps its costs under control.

5.2 Social and Environmental Performance

You have learned a bit about economic performance and its determinants. For most organizations, you saw that economic performance is associated with profits, and profits depend a great deal on how much customers are willing to pay for a good or service.

From the Margin of the Page

stakeholders

Individuals and organizations who are actively involved in the organization or whose interests may be positively or negatively affected as a result of what the organization does.

triple bottom line

The measurement of business performance along social, environmental, and economic dimensions.

accounting profit

The difference between an organization's revenues and its costs in a given period of time.

With regard to social and environmental performance, it is similarly useful to think of them as forms of profit—social and environmental profit to be exact. Increasingly, the topics of social and environmental performance have garnered their own courses in school curricula; in the business world, they are collectively referred to as **corporate social responsibility (CSR)**

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CSR is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities, and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families, as well as for the local community and society at large.

Two companies that have long blazed a trail in CSR are Ben & Jerry's and S. C. Johnson. Their statements about why they do this, summarized in Table 1.1, capture many of the facets just described.

TABLE 1.1 Examples of leading firms with strong CSR orientations

	Why We Do It?
Ben & Jerry's	"We've taken time each year since 1989 to compile this [Social Audit] report because we continue to believe that it keeps us in touch with our Company's stated Social Mission. By raising the profile of social and environmental matters inside the Company and recording the impact of our work on the community, this report aids us in our search for business decisions that support all three parts of our Company Mission Statement: Economic, Product, and Social. In addition, the report is an important source of information about the Company for students, journalists, prospective employees, and other interested observers. In this way, it helps us in our quest to keep our values, our actions, and public perceptions in alignment." ^[15]
S. C. Johnson	"It's nice to live next door to a family that cares about its neighbors, and at S. C. Johnson we are committed to being a good neighbor and contributing to the well-being of the countries and the communities where we conduct business. We have a wide variety of efforts to drive global development and growth that benefit the people around us and the planet we all share. From exceptional philanthropy and volunteerism to new business models that bring economic growth to the world's poorest communities, we're helping to create stronger communities for families around the globe." ^[16]

5.3 Integrating Economic, Social, and Environmental Performance

Is there really a way to achieve a triple bottom line in a way that actually builds up all three facets of performance—economic, social, and environmental? Advocates of CSR understandably argue that this is possible and should be the way all firms are evaluated. Increasingly, evidence is mounting that attention to a triple bottom line is more than being “responsible” but instead just good business. Critics argue that CSR detracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window dressing; still, others argue that it is an attempt to preempt the role of governments as a watchdog over powerful multinational corporations.

While there is no systematic evidence supporting such a claim, a recent review of nearly 170 research studies on the relationship between CSR and firm performance reported that there appeared to be no negative shareholder effects of such practices. In fact, this report showed that there was a small positive relationship between CSR and shareholder returns.^[17] Similarly, companies that pay good wages and offer good benefits to attract and retain high-caliber employees “are not just being socially responsible; they are merely practicing good management.”^[18]

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FIGURE 1.9

Environmentally Neutral Design (END) designs shoes with the goal of eliminating the surplus material needed to make a shoe such that it costs less to make and is lighter than other performance shoes on the market.



Photo used with permission of Environmentally Neutral Design (END).

The financial benefits of social or environmental CSR initiatives vary by context. For example, environment-friendly strategies are much more complicated in the consumer products and services market. For example, cosmetics retailer The Body Shop and StarKist Seafood Company, a strategic business unit of Heinz Food, both undertook environmental strategies but only the former succeeded. The Body Shop goes to great lengths to ensure that its business is ecologically sustainable.^[19] It actively campaigns against human rights abuses and for animal and environmental protection and is one of the most respected firms in the world, despite its small size. Consumers pay premium prices for Body Shop products, ostensibly because they believe that it simply costs more to provide goods and services that are environmentally friendly. The Body Shop has been wildly successful.

From the Margin of the Page

corporate social responsibility (CSR)
When organizations consider the interests of society by taking responsibility for the effect of their activities on customers, suppliers, employees, shareholders, communities, and the environment in all aspects of their operations.

StarKist, too, adopted a CSR approach, when, in 1990, it decided to purchase and sell exclusively dolphin-safe tuna. At the time, biologists thought that the dolphin population decline was a result of the thousands killed in the course of tuna harvests. However, consumers were unwilling to pay higher prices for StarKist's environmental product attributes. Moreover, since tuna were bought from commercial fishermen, this particular practice afforded the firm no protection from imitation by competitors. Finally, in terms of credibility, the members of the tuna industry had launched numerous unsuccessful campaigns in the past touting their interest in the environment, particularly the world's oceans. Thus, consumers did not perceive StarKist's efforts as sincerely "green."

You might argue that The Body Shop's customers are unusually price insensitive, hence the success of its environment-based strategy. However, individuals are willing to pay more for organic produce, so why not dolphin-safe tuna? One difference is that while the environment is a public good, organic produce produces both public and private benefits. For example, organic farming is better for the environment and pesticide-free produce is believed to be better for the health of the consumer. Dolphin-free tuna only has the public environmental benefits (i.e., preserve the dolphin population and oceans' ecosystems), not the private ones like personal health. It is true that personal satisfaction and benevolence are private benefits, too. However, consumers did not believe they were getting their money's worth in this regard for StarKist tuna, whereas they do with The Body Shop's products.

Somewhere in our dialogue on CSR lies the idea of making the solution of an environmental or social problem the primary purpose of the organization. Cascade Asset Management (CAM), is a case in point.^[20] CAM was created in April 1999, in Madison, Wisconsin, and traces its beginnings to the University of Wisconsin's Entrepreneurship program where the owners collaborated on developing and financing the initial business plan. CAM is a private, for-profit enterprise established to provide for the environmentally responsible disposition of computers and other electronics generated by businesses and institutions in Wisconsin. With their experience and relationships in surplus asset disposition and computer hardware

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maintenance, the founders were able to apply their skills and education to this new and developing industry.

Firms are willing to pay for CAM's services because the disposal of surplus personal computers (PCs) is recognized as risky and highly regulated, given the many toxic materials embedded in most components. CAM's story is also credible (whereas StarKist had trouble selling its CSR story). The company was one of the original signers of the "Electronic Recyclers Pledge of True Stewardship."^[21] Signers of the pledge are committed to the highest standards of environmental and economic sustainability in their industry and are expected to live out this commitment through their operations and partnerships. The basic principles of the pledge are as follows: no export of untested whole products or hazardous components or commodities (CRTs, circuit boards) to developing countries, no use of prison labor, adherence to an environmental and worker safety management system, provision of regular testing and audits to ensure compliance, and support efforts to encourage producers to make their products less toxic. CAM has grown rapidly and now serves over 500 business and institutional customers from across the country. While it is recognized as one of the national leaders in responsible, one-stop information technology (IT) asset disposal, its success is attracting new entrants such as IBM, which view PC recycling as another profitable service they can offer their existing client base.^[22]

KEY TAKEAWAY

Organizational performance can be viewed along three dimensions—financial, social, and environmental—collectively referred to as the triple bottom line, where the latter two dimensions are included in the definition of CSR. While there remains debate about whether organizations should consider environmental and social impacts when making business decisions, there is increasing pressure to include such CSR activities in what constitutes good principles of management. This pressure is based on arguments that range from CSR helps attract and retain the best and brightest employees, to showing that the firm is being responsive to market demands, to observations about how some environmental and social needs represent great entrepreneurial business opportunities in and of themselves.

EXERCISES

1. Why is financial performance important for organizations?
2. What are some examples of financial performance metrics?
3. What dimensions of performance beyond financial are included in the triple bottom line?
4. How does CSR relate to the triple bottom line?
5. How are financial performance and CSR related?

6. PERFORMANCE OF INDIVIDUALS AND GROUPS

LEARNING OBJECTIVES

1. Understand the key dimensions of individual-level performance.
2. Understand the key dimensions of group-level performance.
3. Know why individual- and group-level performance goals need to be compatible.

Principles of management are concerned with organization-level outcomes such as economic, social, or environmental performance, innovation, or ability to change and adapt. However, for something to happen at the level of an organization, something must typically also be happening within the organization at the individual or team level. Obviously, if you are an entrepreneur and the only person employed by your company, the organization will accomplish what you do and reap the benefits of what you create. Normally though, organizations have more than one person, which is why we introduce to you

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concepts of individual and group performance.

6.1 Individual-Level Performance

Individual-level performance draws upon those things you have to do in your job, or **in-role performance**, and those things that add value but which aren't part of your formal job description. These "extras" are called extra-role performance or **organizational citizenship behaviors (OCBs)**. At this point, it is probably simplest to consider an in-role performance as having productivity and quality dimensions associated with certain standards that you must meet to do your job. In contrast, OCBs can be understood as individual behaviors that are beneficial to the organization and are discretionary, not directly or explicitly recognized by the formal reward system.^[23]

In comparison to in-role performance, the spectrum of what constitutes extra-role performance, or OCBs, seems to be great and growing. In a recent review, for example, management researchers identified 30 potentially different forms of OCB, which they conveniently collapsed into seven common themes: (1) Helping Behavior, (2) Sportsmanship, (3) Organizational Loyalty, (4) Organizational Compliance, (5) Individual Initiative, (6) Civic Virtue, and (7) Self-Development.^[24] Definitions and examples for these seven themes are summarized in Table 1.2.^[25]

From the Margin of the Page

in-role performance

The things that you have to do as part of your job and its job description.

organizational citizenship behaviors (OCBs)

Voluntary behaviors employees perform to help others and benefit the organization.

TABLE 1.2 A current survey of organization citizenship behaviors

Helping Behavior (Taking on the forms of altruism, interpersonal helping, courtesy, peacemaking, and cheerleading.)	Altruism ■ Voluntary actions that help another person with a work problem. ■ Instructing a new hire on how to use equipment, helping a coworker catch up with a backlog of work, fetching materials that a colleague needs and cannot procure on their own. Interpersonal helping ■ Focuses on helping coworkers in their jobs when such help was needed. Courtesy ■ Subsumes all of those foresightful gestures that help someone else prevent a problem. ■ Touching base with people before committing to actions that will affect them, providing advance notice to someone who needs to know to schedule work. Peacemaking ■ Actions that help to prevent, resolve, or mitigate unconstructive interpersonal conflict. Cheerleading ■ The words and gestures of encouragement and reinforcement of coworkers. ■ Accomplishments and professional development.
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Sportsmanship	A citizenlike posture of tolerating the inevitable inconveniences and impositions of work without whining and grievances.
Organizational Loyalty	Identification with and allegiance to organizational leaders and the organization as a whole, transcending the parochial interests of individuals, work groups, and departments. Representative behaviors include defending the organization against threats, contributing to its good reputation, and cooperating with others to serve the interests of the whole.
Organizational Compliance (or Obedience)	An orientation toward organizational structure, job descriptions, and personnel policies that recognizes and accepts the necessity and desirability of a rational structure of rules and regulations. Obedience may be demonstrated by a respect for rules and instructions, punctuality in attendance and task completion, and stewardship of organizational resources.
Individual Initiative (or Conscientiousness)	A pattern of going well beyond minimally required levels of attendance, punctuality, housekeeping, conserving resources, and related matters of internal maintenance.
Civic Virtue	Responsible, constructive involvement in the political process of the organization, including not just expressing opinions but reading one's mail, attending meetings, and keeping abreast of larger issues involving the organization.
Self-Development	Includes all the steps that workers take to voluntarily improve their knowledge, skills, and abilities so as to be better able to contribute to their organizations. Seeking out and taking advantage of advanced training courses, keeping abreast of the latest developments in one's field and area, or even learning a new set of skills so as to expand the range of one's contributions to an organization.

As you can imagine, principles of management are likely to be very concerned with individuals' in-role performance. At the same time, just a quick glance through Table 1.2 should suggest that those principles should help you better manage OCBs as well.

6.2 Group-Level Performance

A **group** is a collection of individuals. Group-level performance focuses on both the outcomes and process of collections of individuals, or groups. Individuals can work on their own agendas in the context of a group. Groups might consist of project-related groups, such as a product group or an entire store or branch of a company. The performance of a group consists of the inputs of the group minus any process loss that result in the final output, such as the quality of a product and the ramp-up time to production or the sales for a given month. **Process loss** is any aspect of group interaction that inhibits good problem solving.

From the Margin of the Page

group

A collection of individuals who interact with each other such that one person's actions have an impact on the other informal groups.

process loss

Any aspect of group interaction that inhibits group functioning.

Why do we say *group* instead of *team*? A collection of people is not a team, though they may learn to function in that way. A **team** is a cohesive coalition of people working together to achieve the team agenda (i.e., teamwork). Being on a team is not equal to total subordination of personal agendas, but it does require a commitment to the vision and involves each individual directly in accomplishing the team's objective. Teams differ from other types of groups in that members are focused on a joint goal or product, such as a presentation, completing in-class exercises, discussing a topic, writing a report, or creating a new design or prototype. Moreover, teams also tend to be defined by their relatively smaller size. For example, according to one definition, "A team is a *small* number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they are mutually accountable."^[26]

The purpose of assembling a team is to accomplish bigger goals that would not be possible for the individual working alone or the simple sum of many individuals' independent work. Teamwork is also needed in cases where multiple skills are needed or where buy-in is required from certain key stakeholders. Teams can, but do not always, provide improved performance.

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Working together to further the team agenda seems to increase mutual cooperation between what are often competing factions. The aim and purpose of a team is to perform, to get results, and to achieve victory in the workplace and marketplace. The very best managers are those who can gather together a group of individuals and mold them into an effective team.

FIGURE 1.10
A Contemporary
Management Team



© 2010 Jupiterimages Corporation

6.3 Compatibility of Individual and Group Performance

As a manager, you will need to understand the compatibility of individual and group performance, typically with respect to goals and incentives. What does this mean? Looking at goals first, there should be compatibility between individual and group goals. For example, do the individuals' goals contribute to the achievement of the group goal or are they contradictory? Incentives also need to be aligned between individuals and groups. A disconnect between these is most likely when individuals are too far insulated from the external environment or rewarded for action that is not consistent with the goal. For example, individuals may be seeking to perfect a certain technology and, in doing so, delay its release to customers, when customers would have been satisfied with the current solution and put a great priority on its timely delivery. Finally, firms need to be careful to match their goals with their reward structures. For example, if the organization's goal is to increase group performance but the firm's performance appraisal process rewards individual employee productivity, then the firm is unlikely to create a strong team culture.

KEY TAKEAWAY

This section helped you understand individual and group performance and suggested how they might roll up into organizational performance. Principles of management incorporate two key facets of individual performance: in-role and OCB (or extra-role) performance. Group performance, in turn, was shown to be a function of how well individuals achieved a combination of individual and group goals. A team is a type of group that is relatively small, and members are willing and able to subordinate individual goals and objectives to those of the larger group.

EXERCISES

1. What is in-role performance?
2. What is extra-role performance?
3. What is the relationship between extra-role performance and OCBs?
4. What differentiates a team from a group?
5. When might it be important to understand the implications of individual performance for group performance?

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From the Margin of the Page

team

A cohesive coalition of people working together to achieve mutual goals.

7. YOUR PRINCIPLES OF MANAGEMENT SURVIVOR'S GUIDE

LEARNING OBJECTIVES

1. **Know your learning style.**
2. **Know how to match your style to the circumstances.**
3. **Use the gauge-discover-reflect framework.**

Principles of management courses typically combine knowledge about skills and the development and application of those skills themselves. For these reasons, it is helpful for you to develop your own strategy for learning about and developing management skills. The first part of this strategy should be based on your own disposition toward learning. The second part of this strategy should follow some form of the gauge-discover-reflect process that we outline at the end of this section.

7.1 Assess Your Learning Style

You can assess your learning style in a number of ways. At a very general level, you can assess your style intuitively (see “What Is Your Intuition about Your Learning Style?”); however, we suggest that you use a survey instrument like the Learning Style Index (LSI), the output from which you can then readily compare with your intuition. In this section, we discuss the dimensions of the LSI that you can complete easily and quickly online.^[27] The survey will reveal whether your learning style is active or reflective, sensory or intuitive, visual or verbal, and sequential or global.^[28]

What Is Your Intuition About Your Learning Style?

Your learning style may be defined in large part by the answers to four questions:

1. How do you prefer to process information: actively—through engagement in physical activity or discussion? Or reflectively—through introspection?
2. What type of information do you preferentially perceive: sensory (external)—sights, sounds, physical sensations? Or intuitive (internal)—possibilities, insights, hunches?
3. Through which sensory channel is external information most effectively perceived: visual—pictures, diagrams, graphs, demonstrations? Or verbal—words, sounds? (Other sensory channels like touch, taste, and smell are relatively untapped in most educational environments, and are not considered here.)
4. How do you progress toward understanding: sequentially—in continual steps? Or globally—in large jumps, holistically?

TRY IT OUT HERE: <http://www.engr.ncsu.edu/learningstyles/ilsweb.html>

Active and Reflective Learners

Everybody is active sometimes and reflective sometimes. Your preference for one category or the other may be strong, moderate, or mild. A balance of the two is desirable. If you always act before reflecting, you can jump into things prematurely and get into trouble, while if you spend too much time reflecting, you may never get anything done.

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“Let’s try it out and see how it works” is an active learner’s phrase; “Let’s think it through first” is the reflective learner’s response. If you are an active learner, you tend to retain and understand information best by doing something active with it—discussing it, applying it, or explaining it to others. Reflective learners prefer to think about it quietly first.

Sitting through lectures without getting to do anything physical but take notes is hard for both learning types but particularly hard for active learners. Active learners tend to enjoy group work more than reflective learners, who prefer working alone.

Sensing and Intuitive Learners

Everybody is sensing sometimes and intuitive sometimes. Here too, your preference for one or the other may be strong, moderate, or mild. To be effective as a learner and problem solver, you need to be able to function both ways. If you overemphasize intuition, you may miss important details or make careless mistakes in calculations or hands-on work; if you overemphasize sensing, you may rely too much on memorization and familiar methods and not concentrate enough on understanding and innovative thinking.

Even if you need both, which one best reflects you? Sensors often like solving problems by well-established methods and dislike complications and surprises; intuitors like innovation and dislike repetition. Sensors are more likely than intuitors to resent being tested on material that has not been explicitly covered in class. Sensing learners tend to like learning facts; intuitive learners often prefer discovering possibilities and relationships.

Sensors tend to be patient with details and good at memorizing facts and doing hands-on (laboratory) work; intuitors may be better at grasping new concepts and are often more comfortable than sensors with abstractions and mathematical formulations. Sensors tend to be more practical and careful than intuitors; intuitors tend to work faster and to be more innovative than sensors.

Sensors don’t like courses that have no apparent connection to the real world (so if you are sensor, you should love principles of management!); intuitors don’t like “plug-and-chug” courses that involve a lot of memorization and routine calculations.

Visual and Verbal Learners

In most college classes, very little visual information is presented: students mainly listen to lectures and read material written on whiteboards, in textbooks, and on handouts. Unfortunately, most of us are visual learners, which means that we typically do not absorb nearly as much information as we would if more visual presentation were used in class. Effective learners are capable of processing information presented either visually or verbally.

Visual learners remember best what they see—pictures, diagrams, flowcharts, time lines, films, and demonstrations. Verbal learners get more out of words—written and spoken explanations. Everyone learns more when information is presented both visually and verbally.

Sequential and Global Learners

Sequential learners tend to follow logical, stepwise paths in finding solutions; global learners may be able to solve complex problems quickly or put things together in novel ways once they have grasped the big picture, but they may have difficulty explaining how they did it. Sequential learners tend to gain understanding in linear steps, with each step following logically from the previous one. Global learners tend to learn in large jumps, absorbing material almost randomly without seeing connections, and then suddenly “getting it.”

Many people who read this description may conclude incorrectly that they are global since everyone has experienced bewilderment followed by a sudden flash of understanding. What makes you global or not is what happens before the light bulb goes on. Sequential learners may not fully understand the material, but they can nevertheless do something with it (like solve the homework problems or pass the test) since the pieces they have absorbed are logically connected. Strongly global learners who lack good sequential thinking abilities, however, may have serious difficulties until they have the big picture. Even after they have it, they may be fuzzy about the details of the subject, while sequential learners may know a lot about

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specific aspects of a subject but may have trouble relating them to different aspects of the same subject or to different subjects.

7.2 Adapt Your Style

OK, so you've assessed your learning style. What should you do now? You can apply this valuable and important information about yourself to how you approach your principles of management course and the larger P-O-L-C framework.

Active Learners

If you act before you think, you are apt to make hasty and potentially ill-informed judgments. You need to concentrate on summarizing situations and taking time to sit by yourself to digest information you have been given before jumping in and discussing it with others.

If you are an active learner in a class that allows little or no class time for discussion or problem-solving activities, you should try to compensate for these lacks when you study. Study in a group in which the members take turns explaining different topics to one another. Work with others to guess what you will be asked on the next test, and figure out how you will answer. You will always retain information better if you find ways to do something with it.

Reflective Learners

If you think too much, you risk doing nothing—ever. There comes a time when a decision has to be made or an action taken. Involve yourself in group decision making whenever possible, and try to apply the information you have in as practical a manner as possible.

If you are a reflective learner in a class that allows little or no class time for thinking about new information, you should try to compensate for this lack when you study. Don't simply read or memorize the material; stop periodically to review what you have read and to think of possible questions or applications. You might find it helpful to write short summaries of readings or class notes in your own words. Doing so may take extra time but will enable you to retain the material more effectively.

Sensory Learners

If you rely too much on sensing, you tend to prefer what is familiar and concentrate on facts you know instead of being innovative and adapting to new situations. Seek out opportunities to learn theoretical information and then bring in facts to support or negate these theories.

Sensors remember and understand information best if they can see how it connects to the real world. If you are in a class where most of the material is abstract and theoretical, you may have difficulty. Ask your instructor for specific examples of concepts and procedures, and find out how the concepts apply in practice. If the teacher does not provide enough specifics, try to find some in your course text or other references or by brainstorming with friends or classmates.

Intuitive Learners

If you rely too much on intuition, you risk missing important details, which can lead to poor decision making and problem solving. Force yourself to learn facts or memorize data that will help you defend or criticize a theory or procedure you are working with. You may need to slow down and look at detail you would otherwise typically skim.

Many college lecture classes are aimed at intuitors. However, if you are an intuitor and you happen to be in a class that deals primarily with memorization and rote substitution in formulas, you may have trouble with boredom. Ask your instructor for interpretations or theories that link the facts, or try to find the connections yourself. You may also be prone to careless

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mistakes on tests because you are impatient with details and don't like repetition (as in checking your completed solutions). Take time to read the entire question before you start answering, and be sure to check your results.

Visual Learners

If you concentrate more on pictorial or graphical information than on words, you put yourself at a distinct disadvantage because verbal and written information is still the main preferred choice for delivery of information. Practice your note taking, and seek out opportunities to explain information to others using words.

If you are a visual learner, try to find diagrams, sketches, schematics, photographs, flowcharts, or any other visual representation of course material that is predominantly verbal. Ask your instructor, consult reference books, and see whether any videotapes or CD-ROM displays of the course material are available. Prepare a concept map by listing key points, enclosing them in boxes or circles, and drawing lines with arrows between concepts to show connections. Color-code your notes with a highlighter so that everything relating to one topic is the same color.

Verbal Learners

As with visual learners, look for opportunities to learn through audiovisual presentations (such as CDROM and Webcasts). When making notes, group information according to concepts, and then create visual links with arrows going to and from them. Take every opportunity you can to create charts, tables, and diagrams.

Write summaries or outlines of course material in your own words. Working in groups can be particularly effective: you gain understanding of material by hearing classmates' explanations, and you learn even more when you do the explaining.

Sequential Learners

When you break things down into small components you are often able to dive right into problem solving. This seems to be advantageous but can often be unproductive. Force yourself to slow down and understand why you are doing something and how it is connected to the overall purpose or objective. Ask yourself how your actions are going to help you in the long run. If you can't think of a practical application for what you are doing, then stop and do some more "big picture" thinking.

Most college courses are taught in a sequential manner. However, if you are a sequential learner and you have an instructor who jumps around from topic to topic or skips steps, you may have difficulty following and remembering. Ask the instructor to fill in the skipped steps, or fill them in yourself by consulting references. When you are studying, take the time to outline the lecture material for yourself in logical order. In the long run, doing so will save you time. You might also try to strengthen your global-thinking skills by relating each new topic you study to things you already know. The more you can do so, the deeper your understanding of the topic is likely to be.

Global Learners

If grasping the big picture is easy for you, then you can be at risk of wanting to run before you can walk. You see what is needed but may not take the time to learn how best to accomplish it. Take the time to ask for explanations, and force yourself to complete all problem-solving steps before coming to a conclusion or making a decision. If you can't explain what you have done and why, then you may have missed critical details.

If you are a global learner, it can be helpful for you to realize that you need the big picture of a subject before you can master details. If your instructor plunges directly into new topics without bothering to explain how they relate to what you already know, it can cause problems for you. Fortunately, there are steps you can take that may help you get the big picture more rapidly. Before you begin to study the first section of a chapter in a text, skim through the entire chapter to get an overview. Doing so may be time consuming initially, but it may save you from going over and over individual parts later. Instead of spending a short time on every subject every night, you might find it more productive to immerse yourself in

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individual subjects for large blocks. Try to relate the subject to things you already know, either by asking the instructor to help you see connections or by consulting references. Above all, don't lose faith in yourself; you will eventually understand the new material, and understanding how it connects to other topics and disciplines may enable you to apply it in ways that most sequential thinkers would never dream of.

7.3 Gauge-Discover-Reflect

You have already begun to apply the spirit of what we recommend in this third part of the development of your principles of management survival kit, by gauging your learning style. The three essential components are (1) gauge—take stock of your knowledge and capabilities about a topic; (2) discover—learn enough about a topic so that you can set specific development goals on which you can apply and practice, and later gauge again your progress toward your set goals; and (3) reflect—step back and look at the ways you have achieved your goals, take the opportunity to set new ones, and chronicle this experience and thought process in a daily journal.

Gauge

It is always good to start any self-development process by getting some sense of where you are. That is why we commence with the *gauge* stage. For learning and developing in the area of principles of management, such knowledge is essential. By analogy, let's say you want to take a road trip out of town. Even if you have a map and a compass, it still is pretty important to know exactly where you are starting on the map!

Your instructor will likely introduce you to a number of different types of management assessment tools, and you should experiment with them to see how they work and the degree to which results resonate with your intuition. A word of caution here—just because some assessment results may clash with your intuition or self-image, do not immediately assume that they are wrong. Instead, use them as an opportunity and motivation for further probing (this can fuel your work in the discovery and reflect stages).

The obvious value of commencing your learning process with some form of assessment is that you have a clear starting point, in terms of knowledge. This also means that you now have a basis for comparing your achievement to any relevant specific goals that you set. Less obvious perhaps is the experience you will gain with principles of management skill assessments in general. More and more organizations use some form of assessment in the recruiting, human resources development, and yes, even promotion processes. Your experience with these different surveys will give you the confidence to take other surveys and the knowledge needed to show organizations that you are aware of your areas of strength and development opportunities.

Discover

The *discovery* stage of your principles of management survival kit has four related facets: (1) learn, (2) set goals, (3) apply, and (4) practice. Let us look at each one in turn.

Learn

You have probably learned a little about a certain subject just by virtue of gauging your depth in it. In some cases, you might even have read up on the subject a lot to accurately gauge where you were strong or weak. There is not an existing survey for every subject, and it is beneficial to learn how you might gauge this or that area of interest.

The learning facet essentially asks that you build your knowledge base about a particular topic. As you know, learning has multiple facets, from simply mastering facts and definitions, to developing knowledge of how you might apply that knowledge. You will typically want to start with some mastery over facts and definitions and then build your knowledge base to a more strategic level—that is, be able to understand when, where, and how you might use those definitions and facts in principles of management.

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Set SMART Goals

The combination of gauging and learning about a topic should permit you to set some goals related to your focal topic. For example, you want to develop better team communication skills or better understand change management. While your goals should reflect the intersection of your own needs and the subject, we do know that effective goals satisfy certain characteristics. These characteristics—specific, measurable, aggressive, realistic, and time bound—yield the acronym SMART.^[29] Here is how to tell if your goals are SMART goals.

Specific

Specific goals are more likely to be achieved than a general goal. To set a specific goal, you must answer the six “W” questions:

- Who: Who is involved?
- What: What do I want to accomplish?
- Where: At what location?
- When: In what time frame?
- Which: What are the requirements and constraints?
- Why: What specific reasons, purpose, or benefits are there to the accomplishment of the goal?^[30]

EXAMPLE: A general goal would be, “Get a job as a retail store manager.” But a specific goal would say, “Identify my development needs in the next three weeks to become a retail store manager.” “Are You Ready to Be a Great Retail Store Manager?” provides you with an introductory list of survey questions that might help you accelerate your progress on this particular goal set.

Are You Ready to Be a Great Retail Store Manager?

The service sector employs more than 80% of the U.S. workforce, and the position of retail store manager is in increasing demand. Have you already developed the skills to be a great store manager? Score yourself on each of these 10 people skills. How close did you get to 100? Identify two areas to develop, and then move on to two more areas once that goal is achieved.

1. “I challenge employees to set new performance goals.”

Never: 1 Seldom: 3 Often: 5 Regularly: 10

2. “I coach employees to resolve performance problems.”

Never: 1 Seldom: 3 Often: 5 Regularly: 10

3. “I encourage employees to contribute new ideas.”

Never: 1 Seldom: 3 Often: 5 Regularly: 10

4. “I take an interest in my employees’ personal lives.”

Never: 1 Seldom: 3 Often: 5 Regularly: 10

5. “I delegate well.”

Never: 1 Seldom: 3 Often: 5 Regularly: 10

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6. "I communicate my priorities and directions clearly."

Never: 1 Seldom: 3 Often: 5 Regularly: 10

7. "I resolve conflicts in a productive way."

Never: 1 Seldom: 3 Often: 5 Regularly: 10

8. "I behave in a professional way at work."

Never: 1 Seldom: 3 Often: 5 Regularly: 10

9. "I inspire my employees with a dynamic personality."

Never: 1 Seldom: 3 Often: 5 Regularly: 10

10. "I am a good listener."

Never: 1 Seldom: 3 Often: 5 Regularly: 10

Measurable

When goals are specific, performance tends to be higher.^[31] Why? If goals are not specific and measurable, how would you know whether you have reached the goal? Any performance level becomes acceptable. For the same reason, telling someone, "Do your best" is not an effective goal because it is not measurable and does not give the person a specific target.

Aggressive

This may sound counterintuitive, but effective goals are difficult, not easy. Aggressive goals are also called stretch goals. Why are effective goals aggressive? Easy goals do not provide a challenge. When goals are aggressive and when they require people to work harder or smarter, performance tends to be dramatically higher.

Realistic

While goals should be difficult, they should also be based in reality. In other words, if a goal is viewed as impossible to reach, it does not have any motivational value. Only you can decide which goal is realistic and which is impossible to achieve; just be sure that the goal you set, while it is aggressive, remains grounded in reality.

Timely

The goal should contain a statement regarding when the proposed performance level will be reached. This way, it provides the person with a sense of urgency.

Apply and Practice

Your knowledge of the subject, plus your SMART goals, give you an opportunity to apply and test your knowledge. Going back to our road-trip analogy, gauging gives you a starting point, learning gives you a road map and compass, and goals give you a target destination. Practice, in turn, simply means some repetition of the application process. Your objective here should be to apply and practice a subject long enough that, when you gauge it again, you are likely to see some change or progress.

Reflect

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This final stage has two parts: (1) gauge again and (2) record.

Gauge Again

As suggested under “Apply and Practice,” you will want to gauge your progress. Have you become more innovative? Do you better communicate in teams? Do you have a better understanding of other key principles of management?

Record

Many people might stop at the gauge again point, but they would be missing out on an incredibly valuable opportunity. Specifically, look at what you have learned and achieved regarding your goals, and chronicle your progress in some form of a journal.^[32] A journal may be a required component of a principles of management course, so there may be extrinsic as well as intrinsic motives for starting to keep a journal.

There are also various exercises that you can partake in through your journaling. These allow you to challenge yourself and think more creatively and deeply. An effective journal entry should be written with clear images and feelings. You should aim to include your reactions along with the facts or events related to your developmental goals. The experience of certain experiments may not necessarily be what you thought it would be, and this is what is important to capture. You are bound to feel turmoil in various moments, and these feelings are excellent fodder for journaling. Journaling allows you to vent and understand emotions. These types of entries can be effective at giving yourself a more rounded perspective on past events.

In addition to the goals you are evaluating, there are numerous things to write about in a journal. You can reflect on the day, the week, or even the year. You can reflect on events that you have been a part of or people you have met. Look for conclusions that you may have made or any conflicts that you faced. Most important, write about how you felt. This will allow you to examine your own emotional responses. You may find that you need to make a personal action or response to those conflicts. The conclusions that you make from your journal entries are the ingredients to self-growth. Facing those conflicts may also change your life for the better, as you are able to grow as a person.

You should also always go back and review what you have written. Think about each journal entry you have made and what it means. This is the true aspect of self-growth through journaling. It is easy to recognize changes in yourself through your journaling. You may find that you had a disturbing idea one day, but the next your attitude was much better. You may also find that your attitude grows and improves day by day. This is what makes journaling a true self-growth tool.

Journaling may be inexpensive, but it does require time and commitment. The time factor itself can be small, only about 10 minutes a day or maybe 30 minutes a week, depending on how you would like to summarize your life. You do, however, have to be motivated to write on a regular basis. Even if you do not have a lot of time to write, you will still be able to enjoy the large amount of personal growth that is available through journaling. Perhaps this suggests that your first goal set relates to time set aside for journaling.

KEY TAKEAWAY

You have seen how different individuals approach the learning process and that an understanding of these differences can help you with your objectives related to principles of management. Beyond this general understanding of your own learning style, you also have an opportunity to put together your own survival kit for this course. Your kit will have answers and resources based on the gauge-discover-reflect framework. The development of SMART goals are particularly important in the successful application of the framework.

EXERCISES

1. What is your learning style?
2. How does your style compare with your prior intuition?

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3. What target learning issue could you use to experiment with the gauge-discover-reflect framework?
4. What does the acronym SMART refer to, in the context of goal setting?
5. What SMART goals could you apply to your target learning issue?

ENDNOTES

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CHAPTER 2 Personality, Attitudes, and Work Behaviors

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FIGURE 2.1

Successful organizations depend on getting the right mix of individuals in the right positions at the right times.



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WHAT'S IN IT FOR ME?

Reading this chapter will help you do the following:

1. Understand the roles of personality and values in determining work behaviors.
2. Explain the process of perception and how it affects work behaviors.
3. Identify the major work attitudes that affect work behaviors.
4. Define the concept of person-organization fit and how it affects work behaviors.
5. List the key set of behaviors that matter for organizational performance.
6. Be able to develop your positive attitude skills.

FIGURE 2.2 The P-O-L-C Framework

Planning	Organizing	Leading	Controlling
1. Vision & Mission 2. Strategizing 3. Goals & Objectives	1. Organization Design 2. Culture 3. Social Networks	1. Leadership 2. Decision Making 3. Communications 4. Groups/Teams 5. Motivation	1. Systems/Processes 2. Strategic Human Resources

Individuals bring a number of differences to work. They have a variety of personalities, values, and attitudes. When they enter into organizations, their stable or transient characteristics affect how they behave and perform. Moreover, companies hire people with the expectation that they have certain knowledge, skills, abilities, personalities, and values.

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Recall that you are learning about the principles of management through the planning-organizing-leading-controlling (P-O-L-C) framework. Employees' personalities, attitudes, and work behaviors affect how managers approach each P-O-L-C dimension. Here are just a few examples:

- When conducting environmental scanning during the planning process, a manager's perceptions color the information that is absorbed and processed.
- Employee preferences for job design and enrichment (aspects of organizing) may be a function of individuals' personalities and values.
- Leading effectively requires an understanding of employees' personalities, values, and attitudes.
- Absenteeism can challenge a manager's ability to control costs and performance (both at the group and individual levels).

Therefore, it is important for managers to understand the individual characteristics that matter for employee and manager behaviors.

1. CASE IN POINT: SAS INSTITUTE INVESTS IN EMPLOYEES



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Who are your best customers? Which customers are bringing you the most profits and which are the least profitable? Companies are increasingly relying on complicated data mining software to answer these and other questions. More than 92% of the top 100 companies on the *Fortune* Global 500 list are using software developed by SAS Institute Inc., the world's largest privately held software company, for their business intelligence and analytical needs. The Cary, North Carolina, company is doing extremely well by any measure. They have over 10,000 employees worldwide, operate in over 100 countries, ranked number 1 on *Fortune*'s 2010 list of the "Best Companies to Work For," and reported \$2.31 billion in revenue in 2009 (their 33rd consecutive year of growth and profitability). They reinvested 23% of their 2009 revenue into research and development (R&D) activities. The company is quick to attribute their success to the performance and loyalty of their workforce. This is directly correlated with how they treat their employees.

SAS has perfected the art of employee management. It has been ranked on *Fortune* magazine's best places to work list every year since the list was first published. Employees seem to genuinely enjoy working at SAS and are unusually attached to the company, resulting in a turnover rate that is less than 4% in an industry where 20% is the norm. In fact, when Google designed their own legendary campus in California, they visited the SAS campus to get ideas.

One thing SAS does well is giving its employees opportunities to work on interesting and challenging projects. The software developers have the opportunity to develop cutting-edge software to be used around the world. The company makes an effort to concentrate its business in the areas of analytics, which add the most value and help organizations best analyze disparate data for decision making, creating opportunities for SAS workers to be challenged. Plus, the company removes obstacles for employees. Equipment, policies, rules, and meetings that could impede productivity are eliminated.

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SAS has treated employees well in bad times as well as in good times. CEO Jim Goodnight is quoted as saying, “For 2010, I make the same promise that I did last year—SAS will have no layoffs. Too many companies worldwide sacrificed employees and benefits to cut costs in 2009. SAS took the opposite stance, and we have been rewarded in employee loyalty and overall success of the business. Maintaining this position throughout the downturn puts us in the best position to meet the expected market upturn.”

In addition, the company has a reputation as a pioneer when it comes to the perks it offers employees, but these perks are not given with a mentality of “offer everything but the kitchen sink.” There is careful thinking and planning behind the choice of perks the company offers. SAS conducts regular employee satisfaction surveys, and any future benefits and perks offered are planned in response to the results. The company wants to eliminate stressors and anything that dissatisfies from people’s lives. To keep employees healthy and fit, there are athletic fields; a full gym; a swimming pool; and tennis, basketball, and racquetball courts on campus. Plus, the company offers free on-site health care for employees, covers dependents at their fully staffed primary medical care center, and offers unlimited sick leave. The company understands that employees have a life and encourages employees to work reasonable hours and then go home to their families. In fact, a famous motto in the company is, “If you are working for more than 8 hours, you are just adding bugs.” SAS is truly one of the industry leaders in leveraging its treatment of people for continued business success.

Case written by Berrin Erdogan and Talya Bauer to accompany Carpenter, M., Bauer, T., & Erdogan, B. (2009). Principles of management (1st ed.). New York: Flat World Knowledge. Based on information from Doing well by being rather nice. (2007, December 1). Economist. Retrieved April 30, 2010, from <http://www.financialexpress.com/news/doing-well-by-being-rather-nice/247090>; Cakebread, C. (2005, July). SAS...not SOS. Benefits Canada, 29(7), 18; Florida, R., & Goodnight, J. (2005, July-August). Managing for creativity. Harvard Business Review, 83(7/8), 124-131; Karlgaard, R. (2006, October 16). Who wants to be public? Forbes Asia, 2(17), 22; SAS ranks No. 1 on Fortune “Best Companies to Work For” list in America. (2010, January 21). SAS press release. Retrieved May 27, 2010, from <http://www.sas.com/news/preleases/2010fortunerranking.html>.

DISCUSSION QUESTIONS

1. How would you translate SAS’s art of employee management in terms of the P-O-L-C framework?
2. SAS is a global company. Do you think that the benefits offered and the strategy used to improve employee satisfaction vary from country to country?
3. If a company is unable to provide the benefits that SAS does, in what other ways might a firm create positive work attitudes?
4. What risks could be associated with giving workplace surveys, as was done at SAS?
5. What are some effective strategies to create a balanced work and home life? Is this more or less of a challenge when you are starting a new career?

2. PERSONALITY AND VALUES

LEARNING OBJECTIVES

1. Identify the major personality traits that are relevant to organizational behavior.
2. Explain the potential pitfalls of personality testing.
3. Describe the relationship between personality and work behaviors.
4. Understand what values are.

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5. Describe the link between values and work behaviors.

2.1 Personality

Personality encompasses a person's relatively stable feelings, thoughts, and behavioral patterns. Each of us has a unique personality that differentiates us from other people, and understanding someone's personality gives us clues about how that person is likely to act and feel in a variety of situations. To manage effectively, it is helpful to understand the personalities of different employees. Having this knowledge is also useful for placing people into jobs and organizations.

FIGURE 2.4



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From the Margin of the Page

personality

The relatively stable feelings, thoughts, and behavioral patterns a person has.

If personality is stable, does this mean that it does not change? You probably remember how you have changed and evolved as a result of your own life experiences, parenting style and attention you have received in early childhood, successes and failures you experienced over the course of your life, and other life events. In fact, personality does change over long periods of time. For example, we tend to become more socially dominant, more conscientious (organized and dependable), and more emotionally stable between the ages of 20 and 40, whereas openness to new experiences tends to decline as we age.^[1] In other words, even though we treat personality as relatively stable, change occurs. Moreover, even in childhood, our personality matters, and it has lasting consequences for us. For example, studies show that part of our career success and job satisfaction later in life can be explained by our childhood personality.^[2]

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Is our behavior in organizations dependent on our personality? To some extent, yes, and to some extent, no. While we will discuss the effects of personality for employee behavior, you must remember that the relationships we describe are modest correlations. For example, having a sociable and outgoing personality may encourage people to seek friends and prefer social situations. This does not mean that their personality will immediately affect their work behavior. At work, we have a job to do and a role to perform. Therefore, our behavior may be more strongly affected by what is expected of us, as opposed to how we want to behave. Especially in jobs that involve a lot of autonomy, or freedom, personality tends to exert a strong influence on work behavior,^[3] something to consider when engaging in Organizing activities such as job design or enrichment.

Big Five Personality Traits

How many personality traits are there? How do we even know? In every language, there are many words describing a person's personality. In fact, in the English language, more than 15,000 words describing personality have been identified. When researchers analyzed the traits describing personality characteristics, they realized that many different words were actually pointing to a single dimension of personality. When these words were grouped, five dimensions seemed to emerge, and these explain much of the variation in our personalities.^[4] These five are not necessarily the only traits out there. There are other, specific traits that represent other dimensions not captured by the Big Five. Still, understanding them gives us a good start for describing personality.

FIGURE 2.5 The Big Five Personality Traits

Trait	Description
O penness	Curious, original, intellectual, creative, and open to new ideas.
C onscientiousness	Organized, systematic, punctual, achievement oriented, and dependable.
E xtraversion	Outgoing, talkative, sociable, and enjoys being in social situations.
A greeableness	Affable, tolerant, sensitive, trusting, kind, and warm.
N euroticism	Anxious, irritable, temperamental, and moody.

Source: Goldberg, L. R. (1990). An alternative "description of personality": The big-five factor structure. *Journal of Personality & Social Psychology*, 59, 1216–1229.

As you can see, the Big Five dimensions are openness, conscientiousness, extraversion, agreeableness, and Neuroticism—if you put the initials together, you get the acronym OCEAN. Everyone has some degree of each of these traits; it is the unique configuration of how high a person rates on some traits and how low on others that produces the individual quality we call personality.

Openness is the degree to which a person is curious, original, intellectual, creative, and open to new ideas. People high in openness seem to thrive in situations that require flexibility and learning new things. They are highly motivated to learn new

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skills, and they do well in training settings.^[5] They also have an advantage when they enter into a new organization. Their open-mindedness leads them to seek a lot of information and feedback about how they are doing and to build relationships, which leads to quicker adjustment to the new job.^[6] When given support, they tend to be creative.^[7] Open people are highly adaptable to change, and teams that experience unforeseen changes in their tasks do well if they are populated with people high in openness.^[8] Compared with people low in openness, they are also more likely to start their own business.^[9] The potential downside is that they may also be prone to becoming more easily bored or impatient with routine.

Conscientiousness refers to the degree to which a person is organized, systematic, punctual, achievement-oriented, and dependable. Conscientiousness is the one personality trait that uniformly predicts how high a person's performance will be across a variety of occupations and jobs.^[10] In fact, conscientiousness is the trait most desired by recruiters, and highly conscientious applicants tend to succeed in interviews.^[11] Once they are hired, conscientious people not only tend to perform well, but they also have higher levels of motivation to perform, lower levels of turnover, lower levels of absenteeism, and higher levels of safety performance at work.^[12] One's conscientiousness is related to career success and career satisfaction over time.^[13] Finally, it seems that conscientiousness is a valuable trait for entrepreneurs. Highly conscientious people are more likely to start their own business compared with those who are not conscientious, and their firms have longer survival rates.^[14] A potential downside is that highly conscientious individuals can be detail-oriented rather than seeing the big picture.

Extraversion is the degree to which a person is outgoing, talkative, sociable, and enjoys socializing. One of the established findings is that they tend to be effective in jobs involving sales.^[15] Moreover, they tend to be effective as managers and they demonstrate inspirational leadership behaviors.^[16] Extraverts do well in social situations, and, as a result, they tend to be effective in job interviews. Part of this success comes from preparation, as they are likely to use their social network to prepare for the interview.^[17] Extraverts have an easier time than introverts do when adjusting to a new job. They actively seek information and feedback and build effective relationships, which helps them adjust.^[18] Interestingly, extraverts are also found to be happier at work, which may be because of the relationships they build with the people around them and their easier adjustment to a new job.^[19] However, they do not necessarily perform well in all jobs; jobs depriving them of social interaction may be a poor fit. Moreover, they are not necessarily model employees. For example, they tend to have higher levels of absenteeism at work, potentially because they may miss work to hang out with or attend to the needs of their friends.^[20]

FIGURE 2.6

Studies show that there is a relationship between being extraverted and effectiveness as a salesperson.



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Agreeableness is the degree to which a person is affable, tolerant, sensitive, trusting, kind, and warm. In other words, people who are high in agreeableness are likeable people who get along with others. Not surprisingly, agreeable people help others at work consistently; this helping behavior does not depend on their good mood.^[21] They are also less likely to retaliate when other people treat them unfairly.^[22] This may reflect their ability to show empathy and to give people the benefit of the doubt. Agreeable people may be a valuable addition to their teams and may be effective leaders because they create a fair environment when they are in leadership positions.^[23] At the other end of the spectrum, people low in agreeableness are less likely to show these positive behaviors. Moreover, people who are disagreeable are shown to quit their jobs unexpectedly, perhaps in response to a conflict with a boss or a peer.^[24] If agreeable people are so nice, does this mean that we should only look for agreeable people when hiring? You might expect some jobs to require a low level of agreeableness. Think about it: When hiring a lawyer, would you prefer a kind and gentle person or someone who can stand up to an opponent? People high in agreeableness are also less likely to engage in constructive and change-oriented communication.^[25] Disagreeing with the status quo may create conflict, and agreeable people may avoid creating such conflict, missing an opportunity for constructive change.

From the Margin of the Page

openness The degree to which a person is curious, original, intellectual, creative, and open to new ideas.
conscientiousness The degree to which a person is organized, systematic, punctual, achievement-oriented, and dependable.
extraversion The degree to which a person is outgoing, talkative, sociable, and enjoys being in social situations.
agreeableness The degree to which a person is nice, tolerant, sensitive, trusting, kind, and warm.

Neuroticism refers to the degree to which a person is anxious, irritable, temperamental, and moody. It is perhaps the only Big Five dimension where scoring high is undesirable. Neurotic people have a tendency to have emotional adjustment problems and habitually experience stress and depression. People very high in Neuroticism experience a number of problems at work. For example, they have trouble forming and maintaining relationships and are less likely to be someone people go to for advice and friendship.^[26] They tend to be habitually unhappy in their jobs and report high intentions to leave, but they do not necessarily actually leave their jobs.^[27] Being high in Neuroticism seems to be harmful to one's career, as these employees have lower levels of career success (measured with income and occupational status achieved in one's career). Finally, if they achieve managerial jobs, they tend to create an unfair climate at work.^[28]

In contrast, people who are low on Neuroticism—those who have a positive affective disposition—tend to experience positive moods more often than negative moods. They tend to be more satisfied with their jobs and more committed to their companies.^[29] This is not surprising, as people who habitually see the glass as half full will notice the good things in their work environment while those with the opposite character will find more things to complain about. Whether these people are more successful in finding jobs and companies that will make them happy, build better relationships at work that increase their satisfaction and commitment, or simply see their environment as more positive, it seems that low Neuroticism is a strong advantage in the workplace.

Evaluate Yourself on the Big Five Personality Factors

Go to <http://www.outofservice.com/bigfive> to see how you score on these factors.

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Other Personality Dimensions

In addition to the Big Five, researchers have proposed various other dimensions, or traits, of personality. These include self-monitoring, proactive personality, self-esteem, and self-efficacy.

Self-monitoring refers to the extent to which a person is capable of monitoring his or her actions and appearance in social situations. People who are social monitors are social chameleons who understand what the situation demands and act accordingly, while low social monitors tend to act the way they feel.^[30] High social monitors are sensitive to the types of behaviors the social environment expects from them. Their ability to modify their behavior according to the demands of the situation they are in and to manage their impressions effectively are great advantages for them.^[31] They are rated as higher performers and emerge as leaders.^[32] They are effective in influencing other people and are able to get things done by managing their impressions. As managers, however, they tend to have lower accuracy in evaluating the performance of their employees. It seems that while trying to manage their impressions, they may avoid giving accurate feedback to their subordinates to avoid confrontations, which could hinder a manager's ability to carry out the Controlling function.^[33]

Proactive personality refers to a person's inclination to fix what is wrong, change things, and use initiative to solve problems. Instead of waiting to be told what to do, proactive people take action to initiate meaningful change and remove the obstacles they face along the way. Proactive individuals tend to be more successful in their job searches.^[34] They also are more successful over the course of their careers because they use initiative and acquire greater understanding of how the politics within the company work.^[35] Proactive people are valuable assets to their companies because they may have higher levels of performance.^[36] They adjust to their new jobs quickly because they understand the political environment better and make friends more quickly.^[37] Proactive people are eager to learn and engage in many developmental activities to improve their skills.^[38] For all their potential, under some circumstances proactive personality may be a liability for a person or an organization. Imagine a person who is proactive but is perceived as too pushy, trying to change things other people are not willing to let go of, or using their initiative to make decisions that do not serve a company's best interests. Research shows that a proactive person's success depends on his or her understanding of the company's core values, ability, and skills to perform the job and ability to assess situational demands correctly.^[39]

From the Margin of the Page

neuroticism

The degree to which a person is anxious, irritable, aggressive, temperamental, and moody.

self-monitoring

The extent to which a person is capable of monitoring one's actions and appearance in social situations.

proactive personality

A person's inclination to fix what is wrong, change things, and use initiative to solve problems.

self-esteem

The degree to which a person has overall positive feelings about oneself.

Self-esteem is the degree to which a person has overall positive feelings about himself or herself. People with high self-esteem view themselves in a positive light, are confident, and respect themselves. In contrast, people with low self-esteem experience high levels of self-doubt and question their self-worth. High self-esteem is related to higher levels of satisfaction with one's job and higher levels of performance on the job.^[40] People with low self-esteem are attracted to situations where they will be relatively invisible, such as large companies.^[41] Managing employees with low self-esteem may be challenging at times because negative feedback given with the intention of improving performance may be viewed as a negative judgment on their worth as an employee. Therefore, effectively managing employees with relatively low self-esteem

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requires tact and providing lots of positive feedback when discussing performance incidents.

Self-Esteem Around the Globe

Which nations have the highest average self-esteem? Researchers asked this question by surveying almost 17,000 individuals across 53 nations, in 28 languages.

On the basis of this survey, these are the top 10 nations in terms of self-reported self-esteem:

1. Serbia
2. Chile
3. Israel
4. Peru
5. Estonia
6. United States of America
7. Turkey
8. Mexico
9. Croatia
10. Austria

The following are the 10 nations with the lowest self-reported self-esteem:

1. South Korea
2. Switzerland
3. Morocco
4. Slovakia
5. Fiji
6. Taiwan
7. Czech Republic
8. Bangladesh
9. Hong Kong
10. Japan

Source: Adapted from information in Denissen, J. J. A., Penke, L., & Schmitt, D. P. (2008, July). Self-esteem reactions to social interactions: Evidence for sociometer mechanisms across days, people, and nations. *Journal of Personality & Social Psychology*, 95, 181-196; Hitti, M. (2005). Who's No. 1 in self-esteem? Serbia is tops, Japan ranks lowest, U.S. is no. 6 in global survey. WebMD. Retrieved November 14, 2008, from <http://www.webmd.com/skin-beauty/news/20050927/whos-number-1-in-self-esteem>; Schmitt, D. P., & Allik, J. (2005). The simultaneous administration of the Rosenberg self-esteem scale in 53 nationals: Culture-specific features of global self-esteem. *Journal of Personality and Social Psychology*, 89,

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623-642.

Self-efficacy is a belief that one can perform a specific task successfully. Research shows that the belief that we can do something is a good predictor of whether we can actually do it. Self-efficacy is different from other personality traits in that it is job specific. You may have high self-efficacy in being successful academically, but low self-efficacy in relation to your ability to fix your car. At the same time, people have a certain level of generalized self-efficacy, and they have the belief that whatever task or hobby they tackle, they are likely to be successful in it.

Research shows that self-efficacy at work is related to job performance.^[42] This is probably because people with high self-efficacy actually set higher goals for themselves and are more committed to their goals, whereas people with low self-efficacy tend to procrastinate.^[43] Academic self-efficacy is a good predictor of your grade point average, as well as whether you persist in your studies or drop out of college.^[44]

Is there a way of increasing employee's self-efficacy? In addition to hiring people who are capable of performing the required job tasks, training people to increase their self-efficacy may be effective. Some people may also respond well to verbal encouragement. By showing that you believe they can be successful and effectively playing the role of cheerleader, a manager may be able to increase self-efficacy beliefs. Empowering people—giving them opportunities to test their skills so that they can see what they are capable of—is also a good way of increasing self-efficacy.^[45]

From the Margin of the Page



2.2 Personality Testing in Employee Selection

Personality is a potentially important predictor of work behavior. In job interviews, companies try to assess a candidate's personality and the potential for a good match, but interviews are only as good as the people conducting them. In fact, interviewers are not particularly good at detecting the best trait that predicts performance: conscientiousness.^[46]

One method some companies use to improve this match and detect the people who are potentially good job candidates is personality testing. Several companies conduct preemployment personality tests. Companies using them believe that these tests improve the effectiveness of their selection and reduce turnover. For example, Overnight Transportation in Atlanta found that using such tests reduced their on-the-job delinquency by 50%–100%.^[47]

Yet, are these methods good ways of employee selection? Experts have not yet reached an agreement on this subject and the topic is highly controversial. Some experts cite data indicating that personality tests predict performance and other important criteria such as job satisfaction. However, we must understand that how a personality test is used influences its validity. Imagine filling out a personality test in class. You will probably fill it out as honestly as you can. Then, if your instructor correlates your personality scores with your class performance, we could say that the correlation is meaningful. But now imagine that your instructor tells you, before giving you the test, that based on your test scores, you will secure a coveted graduate assistant position, which comes with a tuition waiver and a stipend. In that case, would you still fill out the test honestly or would you try to make your personality look as “good” as possible?

In employee selection, where the employees with the “best” personalities will be the ones receiving a job offer, a complicating factor is that people filling out the survey do not have a strong incentive to be honest. In fact, they have a greater incentive to guess what the job requires and answer the questions in a way they think the company is looking for. As a result, the rankings of the candidates who take the test may be affected by their ability to fake. Some experts believe that this is a serious problem.^[48] Others point out that even with **faking** the tests remain valid—the scores are related to job performance.^[49] It is even possible that the ability to fake is related to a personality trait that increases success at work, such as social monitoring.

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FIGURE 2.7

Companies such as Kronos and Hogan Assessments conduct preemployment personality tests. Kronos Incorporated Headquarters is located in Chelmsford, Massachusetts.



Source: <http://en.wikipedia.org/wiki/Image:Kronos-incorporated.jpg>

Scores on personality self-assessments are distorted for other reasons beyond the fact that some candidates can fake better than others. Do we even know our own personalities? Are we the best person to ask this question? How supervisors, coworkers, and customers see our personality may matter more than how we see ourselves. Therefore, using self-report measures of performance may not be the best way of measuring someone's personality.^[50] We have our blind areas. We may also give "aspirational" answers. If you are asked whether you are honest, you may think "yes, I always have the intention to be honest." This actually says nothing about your actual level of honesty.

Another problem with using these tests is the uncertain relationship between performance and personality. On the basis of research, personality is not a particularly strong indicator of how a person will perform. According to one estimate, personality only explains about 10%–15% of variation in job performance. Our performance at work depends on many factors, and personality does not seem to be the key factor for performance. In fact, cognitive ability (your overall mental intelligence) is a more powerful predictor of job performance. Instead of personality tests, cognitive ability tests may do a better job of predicting who will be good performers. Personality is a better predictor of job satisfaction and other attitudes, but screening people out on the assumption that they may be unhappy at work is a challenging argument to make in an employee selection context.

In any case, if an organization decides to use these tests for selection, it is important to be aware of their limitations. If they are used together with other tests, such as tests of cognitive abilities, they may contribute to making better decisions. The company should ensure that the test fits the job and actually predicts performance. This is called validating the test. Before giving the test to applicants, the company could give it to existing employees to find out the traits that are most important for success in this particular company and job. Then, in the selection context, the company can pay particular attention to those traits.

Finally, the company also needs to make sure that the test does not discriminate against people on the basis of sex, race, age, disabilities, and other legally protected characteristics. Rent-a-Center experienced legal difficulties when the test they used was found to violate the Americans with Disabilities Act (ADA). The company used the Minnesota Multiphasic Personality Inventory for selection purposes, but this test was developed to diagnose severe mental illnesses; it included items such as "I see things or people around me others do not see." In effect, the test served the purpose of a clinical evaluation and was discriminating against people with mental illnesses, which is a protected category under ADA.^[51]

From the Margin of the Page

faking

Answering questions in a way they think the company is looking for.

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2.3 Values

FIGURE 2.8 Values Included in Schwartz's (1992) Value Inventory

Values	Definition
Achievement	The desire for personal success.
Benevolence	The desire to protect the well-being of people who are close to the person.
Conformity	Being motivated by being self-disciplined and obedient. Conforming to others.
Hedonism	The desire for pleasure in life.
Power	The desire for control over others, attaining power and prestige.
Security	Valuing safety and stability.
Self-direction	The desire to be free and independent.
Stimulation	The desire for a stimulating and exciting life.
Tradition	Acceptance of social customs and traditional ideas in a society.
Universalism	The desire to protect the well-being of all people. Caring about social justice.

Values refer to people's stable life goals, reflecting what is most important to them. Values are established throughout one's life as a result of accumulating life experiences, and values tend to be relatively stable.^[52] The values that are important to a person tend to affect the types of decisions they make, how they perceive their environment, and their actual behaviors. Moreover, a person is more likely to accept a job offer when the company possesses the values he or she cares about.^[53] Value attainment is one reason people stay in a company. When a job does not help them attain their values, they are likely to decide to leave if they are dissatisfied with the job.^[54]

What are the values people care about? As with personality dimensions, researchers have developed several frameworks, or typologies, of values. One of the particularly useful frameworks includes 10 values.^[55]

From the Margin of the Page

values

Stable life goals people have, reflecting what is most important to them.

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Values a person holds will affect their employment. For example, someone who values stimulation highly may seek jobs that involve fast action and high risk, such as firefighter, police officer, or emergency medicine. Someone who values achievement highly may be likely to become an entrepreneur or intrapreneur. And an individual who values benevolence and universalism may seek work in the nonprofit sector with a charitable organization or in a “helping profession,” such as nursing or social work. Like personality, values have implications for Organizing activities, such as assigning duties to specific jobs or developing the chain of command; employee values are likely to affect how employees respond to changes in the characteristics of their jobs.

In terms of work behaviors, a person is more likely to accept a job offer when the company possesses the values he or she cares about. A firm's values are often described in the company's mission and vision statements, an element of the Planning function.^[56] Value attainment is one reason people stay in a company. When a job does not help them attain their values, they are likely to decide to leave if they are also dissatisfied with the job.^[57]

FIGURE 2.9

A person who has a strong stimulation orientation may pursue extreme sports.



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KEY TAKEAWAY

Personality traits and values are two dimensions on which people differ. Personality is the unique, relatively stable pattern of feelings, thoughts, and behavior that each individual displays. Big Five personality dimensions (openness, conscientiousness, extraversion, agreeableness, and Neuroticism) are important traits; others that are particularly relevant for work behavior include self-efficacy, self-esteem, social monitoring, and proactive personality. While personality is a stronger influence over job attitudes, its relation to job performance is weaker. Some companies use personality testing to screen out candidates. Companies using personality tests are advised to validate their tests and use them to supplement other techniques with greater validity, such as tests of cognitive ability. Companies must also ensure that a test does not discriminate against any protected group. Values express a person's life goals; they are similar to personality traits in that they are relatively stable over time. In the workplace, a person is more likely to accept a job that provides opportunities for value attainment. People are also more likely to remain in a job and career that satisfy their values.

EXERCISES

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1. Think about the personality traits covered in this section. Can you think of jobs or occupations that seem particularly suited to each trait? Which traits would be universally desirable across all jobs?
2. What are the unique challenges of managing employees who have low self-efficacy and self-esteem? How would you deal with this situation?
3. What are some methods that companies can use to assess employee personality?
4. Have you ever held a job where your personality did not match the demands of the job? How did you react to this situation? How were your attitudes and behaviors affected?
5. Identify ways in which the Big Five (of the manager and/or the employees) may affect how you as a manager would carry out the Leadership function.

3. PERCEPTION

LEARNING OBJECTIVES

1. Understand the influence of biases in the process of perception.
2. Describe how we perceive visual objects and how these tendencies may affect our behavior.
3. Describe the biases of self-perception.
4. Describe the biases inherent in our perceptions of other people.

Our behavior is not only a function of our personality and values but also of the situation. We interpret our environment, formulate responses, and act accordingly. **Perception** may be defined as the process by which individuals detect and interpret environmental stimuli. What makes human perception so interesting is that we do not solely respond to the stimuli in our environment. We go beyond the information that is present in our environment, pay selective attention to some aspects of the environment, and ignore other elements that may be immediately apparent to other people.

Our perception of the environment is not entirely rational. For example, have you ever noticed that while glancing at a newspaper or a news Web site, information that is especially interesting or important to you jumps out of the page and catches your eye? If you are a sports fan, while scrolling down the pages, you may immediately see a news item describing the latest success of your team. If you are the mother of a picky eater, an advice column on toddler feeding may be the first thing you see when looking at the page. If you were recently turned down for a loan, an item of financial news may jump out at you. Therefore, what we see in the environment is a function of what we value, our needs, our fears, and our emotions.^[58] In fact, what we see in the environment may be objectively flat out wrong because of such mental tendencies. For example, one experiment showed that when people who were afraid of spiders were shown spiders, they inaccurately thought that the spider was moving toward them.^[59]

In this section, we will describe some common perceptual tendencies we engage in when perceiving objects or other people and the consequences of such perceptions. Our coverage of these perceptual biases is not exhaustive—there are many other biases and tendencies that can be found in the way people perceive stimuli.

3.1 Visual Perception

Our visual perception definitely goes beyond the physical information available to us; this phenomenon is commonly referred to as “optical illusions.” Artists and designers of everything from apparel to cars to home interiors make use of optical illusions to enhance the look of the product. Managers rely on their visual perception to form their opinions about people and objects around them and to make sense of data presented in graphical form. Therefore, understanding how our visual perception may be biased is important.

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First, we extrapolate from the information available to us. Take a look at the first figure. The white triangle you see in the middle is not really there, but we extrapolate from the information available to us and see it there. Similarly, when we look at objects that are partially blocked, we see the whole.^[60]

FIGURE 2.10

What do you see?



From the Margin of the Page

perception

The process by which individuals detect and interpret environmental stimuli.

Now, look at the next figure. What do you see? Most people look at this figure and see two faces *or* a goblet, depending on which color—*black or white*—they focus upon. Our visual perception is often biased because we do not perceive objects in isolation. The contrast between our focus of attention and the remainder of the environment may make an object appear bigger or smaller.

This principle is shown here in the third figure. At first glance, the circle on the left may appear bigger, but they are the same size. This is due to the visual comparison of the middle circle on the left with its surrounding circles, whereas the middle circle on the right is compared with the bigger circles surrounding it.

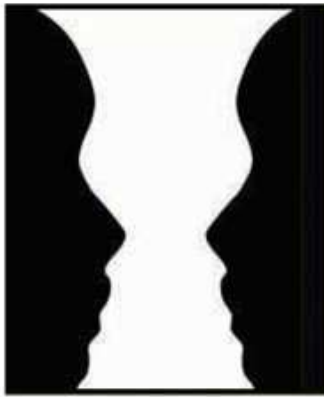
How do these tendencies influence behavior in organizations? The fact that our visual perception is faulty means that managers should not always take what they see at face value. Let's say that you do not like one of your peers and you think that you saw this person surfing the Web during work hours. Are you absolutely sure, or are you simply filling the gaps? Have you really seen this person surf unrelated Web sites, or is it possible that the person was searching for work-related purposes? The tendency to fill in the gaps also causes our memory to be faulty. Imagine that you have been at a meeting where several people made comments that you did not agree with. After the meeting, you may attribute most of these comments to people you did not like. In other words, you may twist the reality to make your memories more consistent with your opinions of people.

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FIGURE 2.11

What do you see?



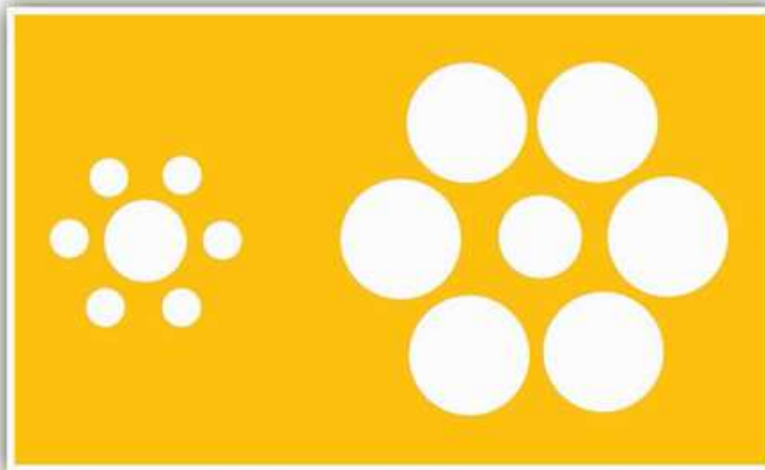
Source: <http://en.wikipedia.org/wiki/>

Image:Cup_or_faces_paradox.svg

The tendency to compare and contrast objects and people to each other also causes problems. For example, if you are a manager who has been given an office much smaller than the other offices on the floor, you may feel that your workspace is crowded and uncomfortable. If the same office is surrounded by smaller offices, you may actually feel that your office is comfortable and roomy. In short, our biased visual perception may lead to the wrong inferences about the people and objects around us.

FIGURE 2.12

Which of the circles in the middle is bigger?



3.2 Self-Perception

Human beings are prone to errors and biases when perceiving themselves. Moreover, the type of bias people have depends on their personality. Many people suffer from **self-enhancement bias**. This is the tendency to overestimate our performance and capabilities and see ourselves in a more positive light than others see us. People who have a narcissistic personality are particularly subject to this bias, but many others also have this bias to varying degrees.^[61] At the same time, other people have the opposing extreme, which may be labeled as **self-effacement bias** (or modesty bias). This is the tendency to underestimate our performance and capabilities and to see events in a way that puts ourselves in a more negative light. We

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may expect that people with low self-esteem may be particularly prone to making this error. These tendencies have real consequences for behavior in organizations. For example, people who suffer from extreme levels of self-enhancement tendencies may not understand why they are not getting promoted or rewarded, while those who have a tendency to self-efface may project low confidence and take more blame for their failures than necessary.

When human beings perceive themselves, they are also subject to the **false consensus error**. Simply put, we overestimate how similar we are to other people.^[62] We assume that whatever quirks we have are shared by a larger number of people than in reality. People who take office supplies home, tell white lies to their boss or colleagues, or take credit for other people's work to get ahead may genuinely feel that these behaviors are more common than they really are. The problem for behavior in organizations is that, when people believe that a behavior is common and normal, they may repeat the behavior more freely. Under some circumstances, this may lead to a high level of unethical or even illegal behaviors.

3.3 Social Perception

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

One of the factors biasing our perception is **stereotypes**. Stereotypes are generalizations based on a group characteristic. For example, believing that women are more cooperative than men or that men are more assertive than women are stereotypes. Stereotypes may be positive, negative, or neutral. In the abstract, stereotyping is an adaptive function—we have a natural tendency to categorize the information around us to make sense of our environment. Just imagine how complicated life would be if we continually had to start from scratch to understand each new situation and each new person we encountered! What makes stereotypes potentially discriminatory and a perceptual bias is the tendency to generalize from a group to a particular individual. If the belief that men are more assertive than women leads to choosing a man over an equally qualified female candidate for a position, the decision will be biased, unfair, and potentially illegal.

Stereotypes often create a situation called **self-fulfilling prophecy**. This happens when an established stereotype causes one to behave in a certain way, which leads the other party to behave in a way that confirms the stereotype.^[63] If you have a stereotype such as “Asians are friendly,” you are more likely to be friendly toward an Asian person. Because you are treating the other person more nicely, the response you get may also be nicer, which confirms your original belief that Asians are friendly. Of course, just the opposite is also true. Suppose you believe that “young employees are slackers.” You are less likely to give a young employee high levels of responsibility or interesting and challenging assignments. The result may be that the young employee reporting to you may become increasingly bored at work and start goofing off, confirming your suspicions that young people are slackers!

Stereotypes persist because of a process called selective perception. **Selective perception** simply means that we pay selective attention to parts of the environment while ignoring other parts, which is particularly important during the Planning process. Our background, expectations, and beliefs will shape which events we notice and which events we ignore. For example, an executive's functional background will affect the changes he or she perceives in the environment.^[64] Executives with a background in sales and marketing see the changes in the demand for their product, while executives with a background in information technology may more readily perceive the changes in the technology the company is using. Selective perception may also perpetuate stereotypes because we are less likely to notice events that go against our beliefs. A person who believes that men drive better than women may be more likely to notice women driving poorly than men driving poorly. As a result, a stereotype is maintained because information to the contrary may not even reach our brain!

From the Margin of the Page

self-enhancement bias

The tendency to overestimate our performance and capabilities and to see ourselves in a more positive light than others see us.

self-effacement bias

The tendency to underestimate our performance, capabilities, and see events in a way that puts ourselves in a more negative light.

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false consensus error

How we as human beings overestimate how similar we are to other people.

stereotypes

Generalizations based on a group characteristic.

From the Margin of the Page

self-fulfilling prophecy

When an established stereotype causes one to behave in a certain way, which leads the other party to behave in a way that makes the stereotype come true.

selective perception

When we pay selective attention to parts of the environment while ignoring other parts.

Let's say we noticed information that goes against our beliefs. What then? Unfortunately, this is no guarantee that we will modify our beliefs and prejudices. First, when we see examples that go against our stereotypes, we tend to come up with subcategories. For example, people who believe that women are more cooperative when they see a female who is assertive may classify her as a "career woman." Therefore, the example to the contrary does not violate the stereotype and is explained as an exception to the rule.^[65] Or, we may simply discount the information. In one study, people in favor of and against the death penalty were shown two studies, one showing benefits for the death penalty while the other disconfirming any benefits. People rejected the study that went against their belief as methodologically inferior and ended up believing in their original position even more!^[66] In other words, using data to debunk people's beliefs or previously established opinions may not necessarily work, a tendency to guard against when conducting Planning and Controlling activities.

One other perceptual tendency that may affect work behavior is **first impressions**. The first impressions we form about people tend to have a lasting effect. In fact, first impressions, once formed, are surprisingly resilient to contrary information. Even if people are told that the first impressions were caused by inaccurate information, people hold on to them to a certain degree because once we form first impressions, they become independent from the evidence that created them.^[67] Therefore, any information we receive to the contrary does not serve the purpose of altering them. Imagine the first day that you met your colleague Anne. She treated you in a rude manner, and when you asked for her help, she brushed you off. You may form the belief that Anne is a rude and unhelpful person. Later on, you may hear that Anne's mother is seriously ill, making Anne very stressed. In reality, she may have been unusually stressed on the day you first met her. If you had met her at a time when her stress level was lower, you could have thought that she is a really nice person. But chances are, your impression that she is rude and unhelpful will not change even when you hear about her mother. Instead, this new piece of information will be added to the first one: She is rude, unhelpful, and her mother is sick.

As a manager, you can protect yourself against this tendency by being aware of it and making a conscious effort to open your mind to new information. It would also be to your advantage to pay careful attention to the first impressions you create, particularly during job interviews.

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FIGURE 2.13

First impressions are lasting. A job interview is one situation where first impressions formed during the first few minutes may have consequences for your relationship with your future boss or colleagues.



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KEY TAKEAWAY

Perception is how we make sense of our environment in response to environmental stimuli. While perceiving our surroundings, we go beyond the objective information available to us and our perception is affected by our values, needs, and emotions. There are many biases that affect human perception of objects, self, and others. When perceiving the physical environment, we fill in the gaps and extrapolate from the available information. When perceiving others, stereotypes influence our behavior. Stereotypes may lead to self-fulfilling prophecies. Stereotypes are perpetuated because of our tendency to pay selective attention to aspects of the environment and ignore information inconsistent with our beliefs. Understanding the perception process gives us clues to understanding human behavior.

From the Margin of the Page

first impressions

Initial thoughts and perceptions we form about people that tend to be stable and resilient to contrary information.

EXERCISES

1. What are some of the typical errors, or optical illusions, that we experience when we observe physical objects?
2. What are the problems of false consensus error? How can managers deal with this tendency?
3. Describe a situation where perception biases have or could affect any of the P-O-L-C facets. Use an example you have experienced or observed, or, if you do not have such an example, create a hypothetical situation. How do we manage the fact that human beings develop stereotypes? Is there such a thing as a good stereotype? How would you prevent stereotypes from creating unfairness in management decisions?
4. Describe a self-fulfilling prophecy you have experienced or observed in action. Was the prophecy favorable or unfavorable? If unfavorable, how could the parties have chosen different behavior to produce a more positive outcome?

4. WORK ATTITUDES

LEARNING OBJECTIVES

1. Define what work attitudes are.

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2. Define and differentiate between job satisfaction and organizational commitment.
3. List several important factors influencing job satisfaction and organizational commitment.
4. Identify two ways companies can track attitudes in the workplace.

How we behave at work often depends on how we feel about being there. Therefore, making sense of how people behave depends on understanding their work attitudes. An **attitude** refers to our opinions, beliefs, and feelings about aspects of our environment. We have attitudes toward the food we eat, people we meet, courses we take, and things we do. At work, two job attitudes have the greatest potential to influence how we behave. These are job satisfaction and organizational commitment.

Job satisfaction refers to the feelings people have toward their job. If the number of studies conducted on job satisfaction is an indicator, job satisfaction is probably the most important job attitude. Institutions such as Gallup or the Society for Human Resource Management (SHRM) periodically conduct studies of job satisfaction to track how satisfied employees are at work. According to a recent Gallup survey, 90% of the employees surveyed said that they were at least somewhat satisfied with their jobs. A recent SHRM study revealed 40% who were very satisfied.^[68]

Organizational commitment is the emotional attachment people have toward the company they work for. A highly committed employee is one who accepts and believes in the company's values, is willing to put out effort to meet the company's goals, and has a strong desire to remain with the company. People who are committed to their company often refer to their company as "we" as opposed to "they" as in "in this company, we have great benefits." The way we refer to the company indicates the type of attachment and identification we have with the company.

There is a high degree of overlap between job satisfaction and organizational commitment because things that make us happy with our job often make us more committed to the company as well. Companies believe that these attitudes are worth tracking because they often are associated with outcomes that are important to the Controlling role, such as performance, helping others, absenteeism, and turnover.

4.1 What Causes Positive Work Attitudes?

What makes you satisfied with your job and develop commitment to your company? Research shows that people pay attention to several factors of their work environment, including characteristics of the job (a function of Organizing activities), how they are treated (related to Leadership actions), the relationships they form with colleagues and managers (also Leadership related), and the level of stress the job entails.

As we have seen earlier in this chapter, personality and values play important roles in how employees feel about their jobs.

From the Margin of the Page

attitude

Our opinions, beliefs, and feelings about aspects of our environment.

job satisfaction

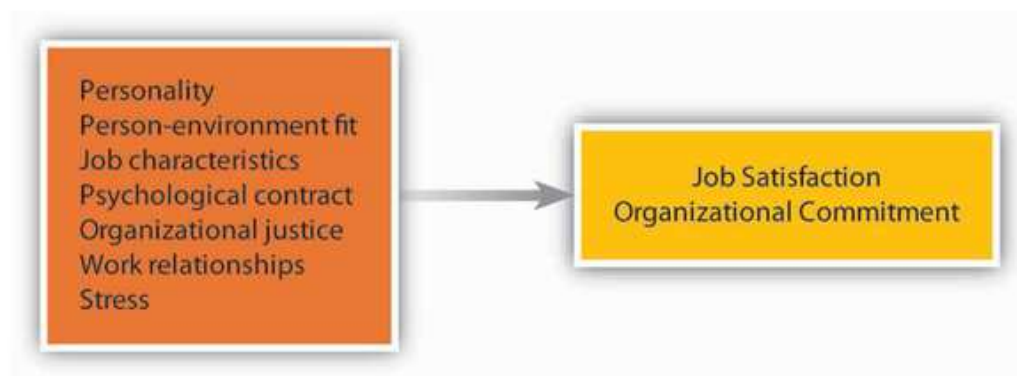
The feelings people have toward their job.

organizational commitment

The emotional attachment people have toward the company they work for.

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FIGURE 2.14 Factors Contributing to Job Satisfaction and Organizational Commitment



Job Characteristics

Employees tend to be more satisfied and committed in jobs that involve certain characteristics. The ability to use a variety of skills, having autonomy at work, receiving feedback on the job, and performing a significant task are some job characteristics that are related to satisfaction and commitment. However, the presence of these factors is not important for everyone. Some people have a high need for growth. These employees tend to be more satisfied when their jobs help them build new skills and improve.^[69]

Organizational Justice and the Psychological Contract

A strong influence over our satisfaction level is how fairly we are treated. People pay attention to the fairness of company policies and procedures, fair and kind treatment from supervisors, and fairness of their pay and other rewards they receive from the company.^[70] Organizational justice can be classified into three categories: (1) procedural (fairness in the way policies and processes are carried out), (2) distributive (the allocation of resources or compensation and benefits), and (3) interactional (the degree to which people are treated with dignity and respect). At the root of organizational justice is trust, something that is easier to break than to repair if broken.

The **psychological contract** is the unspoken, informal understanding that an employee will contribute certain things to the organization (e.g., work ability and a willing attitude) and will receive certain things in return (e.g., reasonable pay and benefits). Under the psychological contract, an employee may believe that if he or she works hard and receives favorable performance evaluations, he or she will receive an annual bonus, periodic raises and promotions, and will not be laid off. Since the “downsizing” trend of the past 20 years, many commentators have declared that the psychological contract is violated more often than not.

Relationships at Work

Two strong predictors of our happiness at work and commitment to the company are our relationships with coworkers and managers. The people we interact with, how friendly they are, whether we are socially accepted in our work group, whether we are treated with respect by them are important to our happiness at work. Research also shows that our relationship with our manager, how considerate the manager is, and whether we build a trust-based relationship with our manager are critically important to our job satisfaction and organizational commitment.^[71] When our manager and overall management listen to us, care about us, and value our opinions, we tend to feel good at work. When establishing effective relations with employees, little signals that you care about your employees go a long way. For example, in 2004 San Francisco’s Hotel Carlton was taken over and renovated by a new management group, Joie de Vivre Hospitality. One of the small things the new management did that created dramatic results was that, in response to an employee attitude survey, they replaced the old vacuum cleaners housekeepers were using and started replacing them every year. It did not cost the company much to replace old machinery, but this simple act of listening to employee problems and taking action went a long way to make employees feel better.^[72]

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From the Margin of the Page

psychological contract
The unspoken, informal understanding that an employee will contribute certain things to the organization and will receive certain things in return.

Stress

Not surprisingly, the amount of stress present in a job is related to employee satisfaction and commitment. Stressors range from environmental ones (noise, heat, inadequate ventilation) to interpersonal ones (organizational politics, conflicts with coworkers) to organizational ones (pressure to avoid making mistakes, worrying about the security of the job). Some jobs, such as intensive care unit nurse and military fighter pilot, are inherently very stressful.

Another source of stress has to do with the roles people are expected to fulfill on and off the job. Role ambiguity is uncertainty about what our responsibilities are in the job. Role conflict involves contradictory demands at work; it can also involve conflict between fulfilling one's role as an employee and other roles in life, such as the role of parent, friend, or community volunteer.

Generally speaking, the higher the stress level, the lower job satisfaction tends to be. But not all stress is bad, and some stressors actually make us happier! For example, working under time pressure and having a high degree of responsibility are stressful, but they are also perceived as challenges and tend to be related to high levels of satisfaction.^[73]

4.2 Assessing Work Attitudes in the Workplace

Given that work attitudes may give us clues about who will leave or stay, who will perform better, and who will be more engaged, tracking satisfaction and commitment levels is a helpful step for companies. If there are companywide issues that make employees unhappy and disengaged, these need to be resolved. There are at least two systematic ways in which companies can track work attitudes: through **attitude surveys** and exit interviews. Companies such as KFC and Long John Silver restaurants, the SAS Institute, Google, and others give periodic attitude surveys, which are used to track employee work attitudes. Companies can get more out of these surveys if responses are held confidential. If employees become concerned that their individual responses will be shared with their immediate manager, they are less likely to respond honestly. Moreover, success of these surveys depends on the credibility of management in the eye of employees. If management periodically collects these surveys but no action comes out of them, employees may adopt a more cynical attitude and start ignoring these surveys, hampering the success of future efforts. **Exit interviews** involve a meeting with the departing employee. This meeting is often conducted by a member of the human resource management department. If conducted well, this meeting may reveal what makes employees dissatisfied at work and give management clues about areas for improvement.

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

KEY TAKEAWAY

Work attitudes are the feelings we have toward different aspects of the work environment. Job satisfaction and organizational commitment are two key attitudes that are the most relevant to important outcomes. In addition to personality and fit with the organization, work attitudes are influenced by the characteristics of the job, perceptions of organizational justice and the psychological contract, relationships with coworkers and managers, and the stress levels experienced on the job. Many companies assess employee attitudes through surveys of worker satisfaction and through exit interviews. The

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usefulness of such information is limited, however, because attitudes create an intention to behave in a certain way, but they do not always predict actual behaviors.

From the Margin of the Page

attitude surveys

Surveys that are given to employees tracking their work attitudes.

exit interview

A meeting with the departing employee.

EXERCISES

1. What is the difference between job satisfaction and organizational commitment? How do the two concepts relate to one another?
2. In your opinion, of the factors that influence work attitudes, which three are the most important in making people dissatisfied with their jobs? Which three are the most important relating to organizational commitment?
3. Do you think making employees happier at work is a good way of motivating people? When would high satisfaction not be related to high performance?
4. How important is pay in making people attached to a company and making employees satisfied?
5. Do you think younger and older people are similar in what makes them happier at work and makes them committed to their companies? Do you think there are male-female differences? Explain your answers.

5. THE INTERACTIONIST PERSPECTIVE: THE ROLE OF FIT

LEARNING OBJECTIVES

1. Differentiate between person-organization and person-job fit.
2. Understand the relationship between person-job fit and work behaviors.
3. Understand the relationship between person-organization fit and work behaviors.

As we have seen in the earlier sections of this chapter, human beings bring in their personality, values, attitudes, perceptions, and other stable traits to work. Imagine that you are interviewing an employee who is proactive, creative, and willing to take risks. Would this person be a good job candidate? What behaviors would you expect this person to demonstrate?

The questions we pose here are misleading. While human beings bring their traits to work, every organization is also different, and every job is different. According to the interactionist perspective, behavior is a function of the person and the situation interacting with each other. Think about it. Would a shy person speak up in class? While a shy person may not feel like speaking if he or she is very interested in the subject, knows the answers to the questions, feels comfortable within the classroom environment, and knows that class participation is 30% of the course grade, this person may speak up in class regardless of his or her shyness. Similarly, the behavior you may expect from someone who is proactive, creative, and willing to take risks will depend on the situation.

The fit between what we bring to our work environment and the environmental demands influences not only our behavior but also our work attitudes. Therefore, person-job fit and person-organization fit are positively related to job satisfaction and commitment. When our abilities match job demands, and when our values match company values, we tend to be more

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satisfied with our job and more committed to the company we work for.^[74]

When companies hire employees, they are interested in assessing at least two types of fit. **Person-organization fit** refers to the degree to which a person's personality, values, goals, and other characteristics match those of the organization. **Person-job fit** is the degree to which a person's knowledge, skills, abilities, and other characteristics match the job demands. (Human resources professionals often use the abbreviation KSAO to refer to these four categories of attributes.) Thus, someone who is proactive and creative may be a great fit for a company in the high-tech sector that would benefit from risk-taking individuals but may be a poor fit for a company that puts a high priority on routine and predictable behavior, such as a nuclear power plant. Similarly, this proactive and creative person may be a great fit for a field-based job such as marketing manager but a poor fit for an office job highly dependent on rules such as accountant.

From the Margin of the Page

person-organization fit

The degree to which a person's values, personality, goals, and other characteristics match those of the organization.

person-job fit

The degree to which a person's skill, knowledge, abilities, and other characteristics match the job demands.

When people fit into their organization, they tend to be more satisfied with their jobs, more committed to their companies, are more influential in their company, and remain longer in their company.^[75] One area of controversy is whether these people perform better. Some studies found a positive relationship between person-organization fit and job performance, but this finding was not present in all studies, so it seems that only sometimes fitting with a company's culture predicts job performance.^[76] It also seems that fitting in with the company values is important to some people more than to others. For example, people who have worked in multiple companies tend to understand the effect of a company's culture better and therefore pay closer attention to whether they will fit in with the company when making their decisions.^[77] Also, when they build good relationships with their supervisors and the company, being a misfit does not seem to matter as much.^[78]

KEY TAKEAWAY

While personality, values, attitudes, perceptions, and KSAOs are important, we need to keep in mind that behavior is jointly determined by the person and the situation. Certain situations bring out the best in people, and someone who is a poor performer in one job may turn into a star employee in a different job. Therefore, managers need to consider the individual and the situation when making Organizing decisions about the job or when engaging in Leadership activities like building teams or motivating employees.

EXERCISES

1. How can a company assess person-job fit before hiring employees? What are the methods you think would be helpful?
2. How can a company determine person-organization fit before hiring employees? Which methods do you think would be helpful?
3. What can organizations do to increase person-job and person-organization fit *after* they hire employees?

6. WORK BEHAVIORS

LEARNING OBJECTIVES

1. Define job performance, organizational citizenship, absenteeism, and turnover.
2. Explain factors associated with each type of work behavior.

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One of the important objectives of the field of organizational behavior is to understand why people behave the way they do. Which behaviors are we referring to here? We will focus on four key work behaviors: job performance, organizational citizenship behaviors, absenteeism, and turnover. Note that the first two behaviors are desirable ones, whereas the other two are often regarded as undesirable. While these four are not the only behaviors organizational behavior is concerned about, if you understand what we mean by these behaviors and the major influences over each type of behavior, you will gain more clarity about analyzing the behaviors of others in the workplace.

FIGURE 2.15 Factors That Have the Strongest Influence over Work Behaviors

Job Performance	Organizational Citizenship	Absenteeism	Turnover
General mental abilities	Organizational justice and interpersonal relations	Health problems	Having low performance
Organizational justice and interpersonal relations	Personality	Work/life balance issues	Negative work attitudes
Stress (-)	Positive work attitudes	Negative work attitudes	Stress
Positive work attitudes	Older employee	Younger employee	Personality
Personality			Younger employee & shorter tenure

6.1 Job Performance

Job performance refers to the level to which an employee successfully fulfills the factors included in the job description. For each job, the content of job performance may differ. Measures of job performance include quality and quantity of work performed by the employee, the accuracy and speed with which the job is performed, and the overall effectiveness of the person on the job.

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In many companies, job performance determines whether a person is promoted, rewarded with pay raises, given additional responsibilities, or fired from the job. Therefore, most employers observe and track job performance. This is done by keeping track of data on topics such as the number of sales the employee closes, the number of clients the employee visits, the number of defects found in the employee's output, or the number of customer complaints or compliments received about the person's work. In some jobs, objective performance data may not be available, and instead supervisor, coworker, customer, and subordinate assessments of the quality and quantity of work performed by the person become the indicators of job performance. Job performance is one of the main outcomes studied in organizational behavior and is an important variable managers must assess when they are engaged in the Controlling role.

From the Margin of the Page

job performance
The performance level on factors included in the job description.

What Are the Major Predictors of Job Performance?

Under which conditions do people perform well, and what are the characteristics of high performers? These questions receive a lot of research attention. It seems that the most powerful influence over our job performance is our **general mental ability** also known as cognitive ability or intelligence, and often abbreviated as “g.” General mental ability can be divided into several components—reasoning abilities, verbal and numerical skills, and analytical skills—and it seems to be important across different situations. It seems that “g” starts influencing us early in our school days because it is strongly correlated with measures of academic success even in childhood.^[79] In adult life, “g” is also correlated with different measures of job performance.^[80] It seems that the influence of “g” on performance is important across different settings, but there is also variation. In jobs with high complexity, it is much more critical to have high general mental abilities. Examples of such jobs are manager, sales representative, engineer, and professions such as law and medicine. In jobs such as police officer and clerical worker, the importance of “g” for high performance is still important but weaker.

Perceptions of organizational justice and interpersonal relationships are factors determining our performance level. When we feel that we are being fairly treated by the company, that our manager is supportive and rewards high performance, and when we trust the people we work with, we tend to perform better. Why? It seems that when we believe we are treated well, we want to reciprocate. Therefore, we treat the company well by performing our job more effectively.

The *stress* we experience on the job also determines our performance level. When we are stressed, our mental energies are drained. Instead of focusing on the task at hand, we start concentrating on the stressor trying to cope with it. Because our attention and energies are diverted to dealing with stress, our performance suffers. Having role ambiguity and experiencing conflicting role demands are related to lower performance.^[81] Stress that prevents us from doing our jobs does not have to be related to our experiences at work. For example, according to a survey conducted by Workplace Options, 45% of the respondents said that financial stress affects work performance. When people are in debt, worrying about their mortgage payments or college payments of their kids, their performance will suffer.^[82]

Our *work attitudes*, particularly job satisfaction, are also correlates of job performance but not to as great a degree as you might expect. Many studies have been devoted to understanding whether happy employees are more productive. Some studies show weak correlations between satisfaction and performance while others show higher correlations (what researchers would call “medium sized” correlations of .30).^[83] The correlation between commitment and performance tends to be even weaker.^[84] Even with a correlation of .30, though, the relationship may be lower than you may have expected. Why is this the case?

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

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Because of this reason, in professional jobs such as with engineers and researchers, we see a stronger link between work attitudes and performance, as opposed to manual jobs such as assembly-line workers.^[85] Also, think about the alternative possibility: If you don't like your job, does this mean that you will reduce your performance? Maybe up to a certain point, but there will be factors that prevent you from reducing your performance: such as the fear of getting fired, the desire to get a promotion so that you can get out of the job that you dislike so much, or your professional work ethic. As another example, among nurses, there seems to be a weak correlation between satisfaction and performance. Even when they are unhappy, nurses put a lot of effort into their work because they feel a moral obligation to help their patients. As a result, we should not expect a one-on-one relationship between satisfaction and performance. Still, the observed correlation between work attitudes and performance is important and has practical value.

Finally, job performance has a modest relationship with *personality* traits, particularly conscientiousness. People who are organized, reliable, dependable, and achievement-oriented seem to outperform others in various contexts.^[86]

From the Margin of the Page

general mental ability

Our reasoning abilities, verbal and numerical skills, analytical skills, or overall intelligence level.

organizational citizenship behaviors (OCB)

Voluntary behaviors employees perform to help others and benefit the organization.

6.2 Organizational Citizenship Behaviors

While job performance refers to the performance of duties listed in one's job description, organizational citizenship behaviors involve performing behaviors that are more discretionary. **Organizational citizenship behaviors (OCB)** are voluntary behaviors employees perform to help others and benefit the organization. Helping a new coworker understand how things work in this company, volunteering to organize the company picnic, and providing suggestions to management about how to improve business processes are some examples of citizenship behaviors. These behaviors contribute to the smooth operation of business.

What are the major predictors of citizenship behaviors? Unlike performance, citizenship behaviors do not depend so much on one's abilities. Job performance, to a large extent, depends on our general mental abilities. When you add the education, skills, knowledge, and abilities that are needed to perform well, the role of motivation on performance becomes more limited. As a result, just because someone is motivated will not mean that the person will perform well. For citizenship behaviors, in contrast, the motivation-behavior link is clearer. We help others around us if we feel motivated to do so, and managers, in the Leadership role, are responsible for motivating employees.

Perhaps the most important factor explaining our citizenship behaviors is *organizational justice and interpersonal relationships*. When we have a good relationship with our manager and we are supported by our manager, when we are treated fairly, when we are attached to our peers, when we trust the people around us, we are more likely to engage in citizenship behaviors. A high-quality relationship with people we work with will mean that simply doing our job will not be enough to maintain the relationship. In a high-quality relationship, we feel the obligation to reciprocate and go the extra mile to help them out.^[87]

Our *personality* is yet another explanation for why we perform citizenship behaviors. Personality is a modest predictor of actual job performance but a much better predictor of citizenship. People who are conscientious, agreeable, and low on Neuroticism tend to perform citizenship behaviors more often than others.^[88]

Job attitudes are also moderately related to citizenship behaviors—more so than they are to job performance. People who are happier at work, those who are more committed to their companies, and those who have overall positive attitudes toward

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their work situation tend to perform citizenship behaviors more often than others. When people are unhappy, they tend to be disengaged from their jobs and rarely go beyond the minimum that is expected of them.^[89]

Interestingly, age seems to be related to the frequency with which we demonstrate citizenship behaviors. People who are older are better citizens. It is possible that with age we gain more experiences to share. It becomes easier to help others because we have more accumulated company and life experiences to draw from.^[90]

6.3 Absenteeism

Absenteeism refers to Unscheduled absences from work. Such absences are costly to companies because of their unpredictable nature, affecting a manager's ability to Control the firm's or department's budget. When an employee has an unscheduled absence from work, companies struggle to find replacement workers at the last minute. This may involve hiring contingent workers, having other employees work overtime, or scrambling to cover for an absent coworker. The cost of **absenteeism** to organizations is estimated at \$74 billion. According to a Mercer Human Resource consulting study, 15% of the money spent on payroll is related to absenteeism.^[91]

What causes absenteeism? First, we need to look at the type of absenteeism. Some absenteeism is unavoidable and is related to *health reasons*. For example, reasons such as acute or serious illness, lower back pain, migraines, accidents one may have on or off the job, or acute stress are important reasons for absenteeism.^[92] Health-related absenteeism is costly, but it would be unreasonable and unfair to institute organizational policies penalizing it. When an employee has a contagious illness, showing up at work will infect coworkers and will not be productive. If the illness is not contagious, it is still in the organization's best interest for the employee to receive proper medical treatment and rest to promote a full recovery. Indeed, companies are finding that programs aimed at keeping workers healthy are effective in dealing with this type of absenteeism. Companies using wellness programs, educating employees about proper nutrition, helping them exercise, and rewarding them for healthy habits have reported reduced absenteeism.^[93]

From the Margin of the Page

absenteeism

Failure to appear at work.

Work/life balance is another common reason for absences. Staying home to care for a sick family member, attending the wedding or funeral of a loved one, and skipping work to study for an exam are all common reasons for unscheduled absences. Companies may deal with these by giving employees more flexibility in work hours. If employees can manage their own time, they are less likely to be absent. Conversely, when a company has "sick leave" but no other leave for social and family obligations, they may fake being sick and use their "sick leave." One solution is to have a single paid time off policy that would allow workers to balance work and life and allow companies to avoid unscheduled absences. Organizations such as Lahey Clinic at Burlington, Massachusetts, have found this to be effective in dealing with unscheduled absences. Some companies such as IBM got rid of sick leave altogether and instead allow employees to take as much time off as they need, so long as the work gets done.^[94]

Sometimes, absenteeism is a form of work withdrawal and a step followed by turnover. In other words, *poor work attitudes* lead to absenteeism. When employees are dissatisfied with their work or have low organizational commitment, they are likely to be absent more often. Thus, absenteeism is caused by the desire to avoid an unpleasant work environment. In this case, management may deal with absenteeism by investigating the causes of dissatisfaction and dealing with them.

Are there personal factors contributing to absenteeism? Research does not reveal a consistent link between personality and absenteeism, but there is one demographic criterion that predicts absenteeism: age. Interestingly, and against some stereotypes that increased age would bring more health problems, research shows that age is negatively related to both frequency and duration of absenteeism. That is, younger workers are the ones more likely to be absent. Because of reasons that include higher loyalty to their company and a stronger work ethic, older employees are less likely to be absent from

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work.^[95]

FIGURE 2.16

Absenteeism costs companies an estimated \$74 billion annually. Companies using wellness programs targeting employee health are found to reduce absenteeism.



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6.4 Turnover

Turnover refers to an employee's leaving an organization. Employee **turnover** has potentially harmful consequences, such as poor customer service and poor company-wide performance. When employees leave, their jobs still need to be performed by someone, so companies spend time recruiting, hiring, and training new employees, all the while suffering from lower productivity. Yet, not all turnover is bad. Turnover is particularly a problem when high-performing employees leave, while a poor performer's leaving may actually give the company a chance to improve productivity and morale.

Why do employees leave? An employee's *performance* level is an important reason. People who perform poorly are actually more likely to leave. These people may be fired, may be encouraged to quit, or may quit because of their fear of being fired. Particularly if a company has pay-for-performance systems, poor performers will find that they are not earning much due to their below-standard performance. This gives poor performers an extra incentive to leave. This does not mean that high performers will definitely stay with a company. High performers may find it easier to find alternative jobs, so when they are unhappy, they can leave more quickly.

Work attitudes are often the primary culprit in why people leave. When workers are unhappy at work, and when they do not feel committed to their companies, they are more likely to leave. Loving the things you do, being happy with the opportunities for advancement within the company, being happy about pay are all aspects of our work attitudes relating to turnover. Of course, the link between work attitudes and turnover is not direct. When employees are unhappy, they will have the intention to leave and may start looking for a job. But their ability to actually leave will depend on many factors, such as their employability and the condition of the job market. For this reason, when national and regional unemployment is high, many people who are unhappy will still continue to work for their current company. When the economy is doing well, people will start moving to other companies in response to being unhappy. Understanding the connection between employee happiness and turnover, many companies make an effort to make employees happy. SAS Institute employees have a 35-hour workweek and enjoy amenities such as a swimming pool and child care at work. The company's turnover is around 4%–5%, in comparison to the industry averages ranging from 12%–20%.^[96]

People are more likely to quit their jobs if they experience *stress* at work as well. Stressors such as role conflict and role ambiguity drain energy and motivate people to seek alternatives. For example, call center employees experience a great deal

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of stress because of poor treatment from customers, long work hours, and constant monitoring of their every action. Companies such as EchoStar realize that one method that is effective in retaining their best employees is to give them opportunities to move to higher-responsibility jobs elsewhere in the company. When a stressful job is a step toward a more desirable job, employees seem to stick around longer.^[97]

There are also individual differences in whether people leave or stay. For example, *personality* is a factor in the decision to quit one's job. People who are conscientious, agreeable, and emotionally stable are less likely to quit their jobs. Many explanations are possible. People with these personality traits may perform better at work, which leads to lower quit rates. Or, they may have better relations with coworkers and managers, which is a factor in their retention. Whatever the reason, it seems that some people are likely to stay longer at any given job regardless of the circumstances.^[98]

From the Margin of the Page

turnover

An employee's leaving an organization.

Whether we leave a job or stay also depends on our *age* and *how long we have been there*. It seems that younger employees are more likely to leave. This is not surprising because people who are younger often have fewer responsibilities such as supporting a household or having dependents. As a result, they can quit a job they don't like much more easily. They may also have higher expectations and thus be more easily disappointed when a job proves to be less rewarding than they had imagined. Similarly, people who have been with a company for a short period of time can quit more easily. For example, Sprint Nextel found that many of their new hires were likely to quit within 45 days of their hiring dates. When they investigated, they found that newly hired employees were experiencing a lot of stress from avoidable problems such as unclear job descriptions or problems with hooking up their computers. Sprint was able to solve the turnover problem by paying special attention to orienting new hires. New employees experience a lot of stress at work, and there is usually not much keeping them in the company such as established bonds to a manager or colleagues. New employees may even have ongoing job interviews with other companies when they start working. This, too, gives them the flexibility to leave more easily.

KEY TAKEAWAY

Employees demonstrate a wide variety of positive and negative behaviors at work. Among these, four are critically important and have been extensively studied in the OB literature. Job performance is the degree of success with which one accomplishes the tasks listed in one's job description. A person's abilities, particularly general mental ability, are the main predictor of job performance in many occupations. How we are treated at work, the level of stress experienced at work, work attitudes, and, to a lesser extent, our personality are also factors relating to one's job performance. Citizenship behaviors are tasks helpful to the organization that go above and beyond one's job description. Performance of citizenship behaviors are less a function of our abilities and more of motivation. How we are treated at work, personality, work attitudes, and our age are the main predictors of citizenship. Among negative behaviors employees demonstrate, absenteeism and turnover are critically important. People who experience health problems and work/life balance issues are prone to more absenteeism. Poor work attitudes are also related to absenteeism, and younger employees are more likely to be absent from work, especially when dissatisfied. Turnover is higher among low performers, people who have negative work attitudes, and those who experience a great deal of stress. Personality and being younger are personal predictors of turnover.

EXERCISES

1. What is the difference between performance and organizational citizenship behaviors? As a manager, how would you improve someone's performance? How would you increase citizenship behaviors?
2. Are citizenship behaviors always beneficial to the company? Can you think of any citizenship behaviors employees may perform with the intention of helping a company but that may have negative consequences overall?
3. Given the factors correlated with job performance, which employee selection methods should be better at identifying

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future high performers?

4. What are the major causes of absenteeism at work? How can companies minimize the level of absenteeism that takes place?

5. In some companies, managers are rewarded for minimizing the turnover within their department or branch. A part of their bonus is directly tied to keeping the level of turnover below a minimum. What do you think about the potential effectiveness of these programs? Do you see any downsides to such programs?

7. DEVELOPING YOUR POSITIVE ATTITUDE SKILLS

LEARNING OBJECTIVES

1. Learn to be happier at work.

2. Leverage your attitudes for optimum work performance.

Have you ever wondered how you could be happier at work and how greater work satisfaction could improve your overall effectiveness? Here are some ideas that may help you achieve a great sense of peace for yourself as well as when you are working with a negative coworker.

- **Leverage your Big Five traits.** Your personality is a big part of your happiness. Which of the Big Five positive traits are you strongest on? Be aware of them and look for opportunities to express them at work. Are you high on Neuroticism? If so, work to overcome this challenge: If you choose to find the negative side of everything, you will.
- **Find a job and company that fit you well.** Good fit with the job and company are important to your happiness. This starts with knowing yourself, your chosen career, and the particular job in question: What do you want from the job? What do you enjoy doing?
- **Get accurate information about the job and the company.** Ask detailed questions about what life is like in this company. Do your research. Read about the company; use your social network to understand the company's culture.
- **Develop good relationships at work.** Make friends. Try to get a mentor if your company does not have a formal mentoring program. Approach a person you admire and attempt to build a relationship with this person. An experienced mentor can be a great help in navigating life at a company. Your social network can help you weather the bad days and provide you with emotional and instrumental support during your time at a company as well as afterward.
- **Pay is important, but job characteristics matter more to your job satisfaction.** So don't sacrifice the job itself for a bit more money. When choosing a job, look at the level of challenge and the potential of the job to make you feel engaged.
- **Be proactive in managing organizational life.** If the job is stressful, cope with it by effective time management and having a good social network, as well as being proactive in getting to the source of stress. If you don't have enough direction, ask for it!
- **Know when to leave.** If the job makes you unhappy over an extended period of time and there is little hope of solving the problems, it may be time to look elsewhere.

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FIGURE 2.17

Research shows that acting positive at work can actually help you become happier over time as emotions can be influenced by actions.



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KEY TAKEAWAY

Promoting a positive work attitude will increase your overall effectiveness as a manager. You can increase your own happiness at work by knowing yourself as a person, by ensuring that you work at a job and company where you fit in, and by building effective work relationships with your manager, coworkers, and subordinates. Concentrating on the motivating potential of the job when choosing a job and solving the problems you encounter in a proactive manner may be helpful as well.

EXERCISES

1. Do you believe that your own happiness at work is in your hands? What have you done in the past to increase your own satisfaction with work?
2. Consider the most negative person you work or interact with. Why do you think they focus more on the negative side of life?
3. On the basis of what you have read in this chapter, can you think of ways in which you can improve your effectiveness in dealing with negative coworkers?

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