5th EDITION

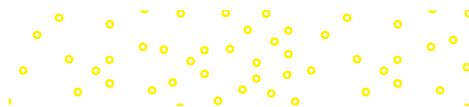# Organizational Behavior

Steven L. McShane
University of Newcastle (Australia)

Mary Ann Von Glinow
Florida International University

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M: ORGANIZATIONAL BEHAVIOR: FIFTH EDITION

about the
Authors

Steven L. McShane

Steven L. McShane is Conjoint Professor at Newcastle Business School, University of Newcastle (Australia). He previously held the positions of Professor at Simon Fraser University's Faculty of Business Administration (Canada), Winthrop Professor of Management at the University of Western Australia Graduate School of Management and Business School, and Adjunct Professor at Gustavson School of Business, University of Victoria (Canada). He also taught organizational behavior in the IMBA program at the Antai College of Economics and Management at Shanghai Jiao Tong University in Shanghai, China. Steve has received awards for his teaching quality and innovation and receives high ratings from students in Perth, Shanghai, Singapore, Manila, and other cities where he has taught. He is also a popular visiting speaker, having given dozens of invited talks and seminars to faculty and students in the United States, China, Canada, Malaysia, India, and other countries.

Courtesy of Donna McClement

Steve earned his PhD from Michigan State University, where he specialized in organizational behavior and labor relations. He also holds a Master's of Industrial Relations from the University of Toronto and an undergraduate degree from Queen's University in Canada. Steve is a past president of the Administrative Sciences Association of Canada (the Canadian equivalent of the Academy of Management) and served as Director of Graduate Programs in Simon Fraser University's business faculty. He has conducted executive programs with Nokia, TÜV-SÜD, Wesfarmers Group, Main Roads WA, McGraw-Hill, ALCOA World Alumina Australia, and many other organizations.

Along with coauthoring *M: Organizational Behavior*, Fifth Edition, Steve is lead coauthor of *Organizational Behavior*, Ninth Edition (2021); *Canadian Organizational Behaviour*, Eleventh Edition (2021); and *Organisational Behaviour: Asia Pacific*, Sixth Edition (2019). He is also coauthor of editions or translations of his organizational behavior books in China, India, Quebec, Taiwan, and Brazil. Steve has published several dozen articles and conference papers on workplace values, training transfer, organizational learning, exit–voice–loyalty, employee socialization, wrongful dismissal, media bias in business magazines, and other diverse topics.

Steve enjoys spending his leisure time hiking, swimming, body board surfing, canoeing, skiing, and traveling with his wife and two daughters.

Mary Ann Von Glinow

Dr. Von Glinow is a Knight Ridder Eminent Scholar Chair in International Management at Florida International University and is senior editor for the *Journal of International Business Studies (JIBS)*. She served as 2010 to 2012 president of the Academy of International Business (AIB) and the 1994–1995 president of the Academy of Management (AOM). Previously on the Marshall School faculty of the University of Southern California, she has an MBA and a PhD in management science from Ohio State University, and is a Fellow of the Academy of Management, the Academy of International Business, and the Pan-Pacific Business Association. She sits on 13 editorial review boards and numerous international panels and teaches in executive programs in Latin America, Asia, and the United States.

Mary Ann Von Glinow

Dr. Von Glinow has authored over 100 journal articles and 13 books, most of which have been translated into Chinese, Hindi, and Spanish. Her book on organizational learning capability won a Gold Book Award from the Ministry of Economic Affairs in Taiwan in 2002. She is the 2005 recipient of the Academy of Management's Distinguished Service Award, one of the highest honors bestowed by the Academy.

Mary Ann has consulted widely and is on the board of directors of several organizations, including the advisory board to Volvo-Geely in China. She is actively involved in several animal welfare organizations and received the 1996 Humanitarian Award of the Year from Miami's Adopt-a-Pet.

Dedication

Dedicated with love and devotion to Donna, and to our wonderful daughters, Bryton and Madison

–S.L.M.

Dedicated to Zack, Emma, Googun, Blue, Chloe, Jackson, and Boomer

–M.A.V.G.

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What's New
in the Fifth Edition

M: Organizational Behavior, Fifth Edition, has received more updating and revision than any previous edition of this book. Most chapters have new conceptual content and literature foundation; a few chapters have completely new sections and reorganization. All chapters have new examples and either new or revised factoids. The most substantial changes have occurred in Chapter 1 (Introduction to the Field of Organizational Behavior), Chapter 2 (Individual Differences: Personality and Values), Chapter 5 (Employee Motivation), Chapter 7 (Team Dynamics), Chapter 8 (Communicating in Teams and Organizations), and Chapter 10 (Conflict and Negotiation in the Workplace). This edition also relates the COVID-19 pandemic to several OB concepts and practices.

The authors personally researched, selected, and wrote all of this content, thereby providing superior integration of knowledge and ensuring that the examples are relevant and recent. Here are the key changes we've made to this Fifth edition, broken out by chapter.

Chapter 1: Introduction to the Field of Organizational Behavior

Almost every section of this chapter has been revised, updated, or replaced. This edition has a new section on the emerging workplace landscape, which includes new content on work–life integration, the inclusive workplace, and employment relationships. It also significantly updates the topic of remote work (the narrower topic of telecommuting was covered in previous editions). The section on the importance of organizational behavior now more fully explains why OB is important for students. It also succinctly introduces key organizational effectiveness concepts to explain why OB is vital for organizations. The section on OB anchors now includes a fifth anchor on OB's practical orientation. This chapter also has a stronger micro-OB focus by including the MARS model of individual behavior and the five types of individual behavior (previously in Chapter 2).

Chapter 2: Individual Differences: Personality, and Values

Along with its slightly revised title, this edition brings a number of noticeable updates and changes to the chapter. It now has a full discussion about the dark triad (Machiavellianism, narcissism, and

psychopathy) and its relevance to organizational behavior. This edition also has a new separate discussion regarding four caveats when applying the five-factor model of personality in organizations. Also included in this edition is a fourth ethical principle: the ethic of care. We have also moved the topics of the MARS model and types of individual behavior from this chapter to Chapter 1.

Chapter 3: Perceiving Ourselves and Others in Organizations

This book pioneered the full model of self-concept and its relevance to organizational behavior. This edition further refines that discussion, particularly in explaining how people develop self-concept clarity and how self-concept characteristics affect behavior and performance. This chapter also updates writing on perceptual organization and interpretation, intentional discrimination, and improving self-awareness of perceptual biases.

Chapter 4: Workplace Emotions, Attitudes, and Stress

This was the first OB book to fully incorporate the concept of emotions in organizational behavior across various topics (perceptions, attitudes, motivation, decisions, etc.). This edition further develops this topic by revising the section on managing emotions and adding recent knowledge about the five strategies that people use to regulate their emotions. This edition also updates the topic of organizational commitment, incorporates normative commitment, and has minor rewriting on managing workplace stress.

Chapter 5: Employee Motivation

This edition significantly revises and updates the topics of procedural and interactional justice, including a new exhibit listing the specific rules of these two forms of organizational justice. The characteristics of effective feedback are discussed more fully, including the addition of an exhibit that defines and illustrates each characteristic. The section on drive-based motivation theories has been reorganized to give more emphasis on the recent four-drive theory. This edition also revises the chapter's opening topic on the meaning of motivation and employee engagement.

Chapter 6: Decision Making and Creativity

This chapter further updates and refines the discussion of information processing when choosing alternatives. Design thinking was fully introduced in the previous edition. In this edition, we have added an exhibit that outlines the four main rules or practices of design thinking. This edition also has minor revisions on the topic of escalation of commitment and ways to evaluate decisions more effectively.

Chapter 7: Team Dynamics

We have revised, clarified, updated, and generally improved several sections of this chapter. Most of the team processes section has been reorganized and rewritten. That section now has a more complete and updated discussion of team mental models, team development, team norms, and team roles. This edition also more completely discusses psychological safety as a factor in effective team decision making than previous editions. Other topics that benefited from minor rewriting and updating include team process losses and the prevalence of remote (virtual) teams.

Chapter 8: Communicating in Teams and Organizations

The previous edition apparently pioneered writing on the four key factors for choosing the best communication channel (synchronicity, social presence, social acceptance, and media richness). This edition further refines that content. We have also substantially updated the topic of digital communication, including a new exhibit on the rapidly changing popularity of various digital communication channels, along with associated discussion about why these changes are occurring. Social media communication is also more fully defined and discussed.

Chapter 9: Power and Influence in the Workplace

The topic of nonsubstitutability as a contingency of power has been rewritten, and the associated topic of personal brand is discussed more fully. We also discuss more fully the troubling issue of deference to power in organizations. The definition of organizational politics is explained in more detail, particularly with reference to recent writing about "positive politics."

Chapter 10: Conflict and Negotiation in the Workplace

This chapter has received several changes and updates. The topic of task and relationship conflict has been further refined for greater clarity. That section also significantly updates strategies to minimize relationship conflict during task conflict, including the role of psychological safety. The topic of conflict handling contingencies has been revised and updated. Along with other changes, it now includes the contingency of maintaining harmony. You will also find revision and updates on communication as a source of conflict, structural ways to manage conflict (particularly on reducing differentiation and on improving communication and mutual understanding), preparing for negotiation, and gathering information during negotiation.

Chapter 11: Leadership in Organizational Settings

This chapter has a few minor updates and revisions. The discussion about transformational leadership and charisma has an updated conceptualization of charisma. The section on strategic vision of transformational leadership has also been revised.

Chapter 12: Designing Organizational Structures

This edition revises the exhibit on mechanistic-organic structures for better clarity and style. The exhibit depicting various types of divisional structure has also been revised with new company examples, and the discussion about divisional structures has been updated. The section and exhibit on matrix organizational structures has similarly been revised with new writing and examples.

Chapter 13: Organizational Culture

Parts of the organizational socialization section have been revised, including the inherent conflicts in pre-employment socialization and the issue of whether socialization changes employee values or mostly communicates values-consistent behavior. This chapter has also revised and updated writing on the meaning and strategies for creating a strong organizational culture.

Chapter 14: Organizational Change

The discussion of appreciative inquiry principles has been revised and slightly expanded and now includes a new exhibit to summarize these principles. This edition has also minor rewriting on the section on creating an urgency for change as well as on the evaluation of appreciative inquiry.

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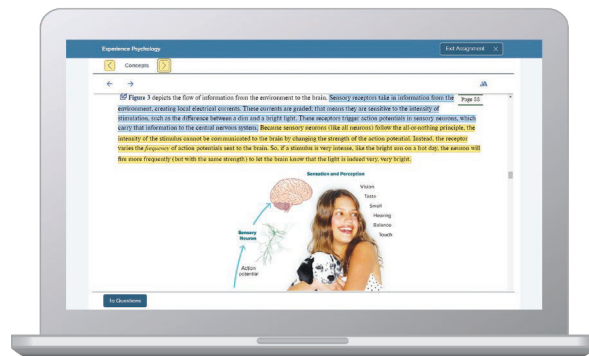
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PART 1

1 | Introduction to the Field of Organizational Behavior

Learning Objectives

After you read this chapter, you should be able to:

LO1-1 Define organizational behavior and organizations.

LO1-2 Explain why organizational behavior knowledge is important for you and for organizations.

LO1-3 Describe the anchors on which organizational behavior knowledge is based.

LO1-4 Summarize the workplace trends of diversity and the inclusive workplace, work–life integration, remote work, and emerging employment relationships.

LO1-5 Describe the four factors that directly influence individual behavior and performance.

LO1-6 Summarize the five types of individual behavior in organizations.

Jerry Jones lives near Columbia, Missouri, where he was recently hired as a software engineer at Automattic. Jones and his team members work well together, even though they don't physically work together. In fact, his coworkers live in other countries and continents. Automattic, which makes the blogging platform WordPress and other popular website-building products, is a completely distributed organization. All of its 1,100 employees are remote workers located across 75 countries.

Automattic's entire hiring process, including interviews, is conducted through text-based interactions. The company reasons that its employees communicate mainly through chat and text messaging, so applicants need to demonstrate their ability to communicate well through these channels. "No one sees or hears you until after you're hired," says Jerry Jones. Employees are responsible for output, not for

being at work at specific times. This creates accountability, but it also gives everyone considerable flexibility for work–life integration. The company even has a no-limits vacation policy.

Automattic team leaders regularly convene video-based meetings, partly to discuss complex issues but also so employees feel part of a team. To support team dynamics, organizational culture, and employee well-being, Automattic ensures that team members meet in person twice each year. One "meetup" is arranged for each team alone. For example, Jerry Jones and his team met for several days in Los Angeles two months after he was hired. The other event is the Grand Meetup, an annual week-long conference attended by all Automattic employees.[1]

> **organizational behavior (OB)** the study of what people think, feel, and do in and around organizations
>
> **organizations** groups of people who work interdependently toward some purpose

WELCOME TO THE FIELD OF ORGANIZATIONAL BEHAVIOR!

Automattic is a somewhat unusual company, yet it has become a highly respected model of how organizations might operate in the future. Work is becoming something we do, not the place where we do it. The recent coronavirus (COVID-19) pandemic necessitated and accelerated this shift. Employers quickly set up or expanded remote work arrangements so employees could fulfill social distancing and self-isolation requirements from home. Along with remote working, this opening case study about Automattic highlights several other organizational behavior themes, such as teams, work–life integration, leadership, communication, and organizational culture.

Our purpose is to help you understand what goes on in organizations. We examine the factors that make companies effective, improve employee well-being, and drive successful collaboration among coworkers. We look at organizations from numerous and diverse perspectives, from the deepest foundations of employee thoughts and behavior (personality, self-concept, attitudes, etc.) to the complex interplay between the organization's structure and culture and its external environment. Along this journey, we emphasize why things happen and what you can do to predict and guide organizational events.

We begin this chapter by introducing you to the field of organizational behavior (OB) and its historical origins. This is followed by details about why OB is important for your career and why organizations depend on OB knowledge to survive and thrive. An integrative model of organizational behavior is presented, which illustrates the interconnectedness of OB topics

and serves as a road map to guide you through this book. We then describe the philosophical anchors that guide the development of organizational behavior knowledge. This is followed by an overview of four emerging features of the workplace environment: diversity and the inclusive workplace, work–life integration, remote work, and emerging employment relationships. The latter part of this chapter introduces the MARS model, which outlines the four direct drivers of individual behavior and performance. The final section identifies the five main types of individual behavior.

> **LO1-1** Define organizational behavior and organizations.

What Is Organizational Behavior?

Organizational behavior (OB) is the study of what people think, feel, and do in and around organizations. It looks at employee behaviors, decisions, perceptions, and emotional responses. It examines how individuals and teams in organizations relate to one another and to their counterparts in other organizations. OB also encompasses the study of how organizations interact with their external environments, particularly in the context of employee behavior and decisions. OB researchers systematically study these topics at multiple levels of analysis, namely, the individual, team (including interpersonal), and organization.[2]

The definition of organizational behavior begs the question: What are organizations? **Organizations** are groups of people who work interdependently toward some purpose.[3] Notice that organizations are not buildings or government-registered entities. In fact, many organizations exist with neither physical walls nor government documentation to confer their legal status.[4]

One key feature of all organizations is that they are collective entities.[5] They consist of human beings—typically, but not necessarily, employees—who interact with one another in an *organized* way. This organized relationship requires communication, coordination, and collaboration to achieve organizational objectives. As such, all organizational members have degrees of interdependence; they accomplish goals by sharing materials, information, or expertise with coworkers.

A second key feature of organizations is that their members have a collective sense of purpose. This collective purpose isn't always well defined or agreed on. Companies typically have vision and mission statements, but they are sometimes out of date or don't describe what employees actually try to achieve. Still, some sense of collective

One key feature of all organizations is that they consist of human beings who interact with each other in an *organized* way.
Image Source

purpose does exist, even if it is implicit or informally understood. Otherwise, an organization would be nothing more than an assemblage of people without direction or unifying force.

of labor. German sociologist Max Weber (early 1900s) wrote about rational organizations, the work ethic, and charismatic leadership. Industrial engineer Frederick Winslow Taylor

> A company is one of humanity's most amazing inventions . . . [It's] this abstract construct we've invented, and it's incredibly powerful.[6]
>
> —Steve Jobs, Apple and Pixar Animation Studios cofounder

Historical Foundations of Organizational Behavior

Organizational behavior emerged as a distinct field sometime around the early 1940s.[7] During that decade, a few researchers began describing their research as organizational (rather than sociological or psychological). And by the late 1940s, Harvard University had changed the name of its MBA human relations course to "Organizational Behavior."

Although the field of OB is recent, experts in other fields have been studying organizations for many centuries. The Greek philosopher Plato (400 bc) wrote about the essence of leadership, and the Chinese philosopher Confucius (500 bc) extolled the virtues of ethics and leadership. Economist Adam Smith (1770s) discussed the benefits of job specialization and division

proposed systematic ways to organize work processes and motivate employees through goal setting and rewards.[8]

Political scientist Mary Parker Follett (1920s) offered new ways of thinking about constructive conflict, team dynamics, power, and leadership. Harvard professor Elton Mayo and his colleagues (1930s and 1940s) established the "human relations" school of management, which pioneered research on employee attitudes, formal team dynamics, informal groups, and supervisor leadership style. American executive and Harvard associate Chester Barnard (1930s) wrote insightful views regarding organizational communication, coordination, leadership and authority, organizations as open systems, and team dynamics.[9] This brief historical tour indicates that OB has been in existence for a long time; it just wasn't organized into a unified discipline until around World War II.

WHY ORGANIZATIONAL BEHAVIOR IS IMPORTANT

In all likelihood, you are reading this book as part of a required course in organizational behavior. Apart from degree or diploma requirements, why should you learn the ideas and practices discussed in this book? After all, who ever heard of a career path leading to a "vice president of OB" or a "chief OB officer"? Our answer to this question comes in two parts: why OB is important for you personally and why OB is important for organizations generally.

Why OB Is Important for You

Throughout our careers teaching undergraduate, graduate, and executive programs, we noticed that the more work experience students have, the more they tend to consider organizational behavior as one of their most valued courses. Why? Because they have learned over time that OB is important to them, whether as technical specialists or senior executives.[10] This observation is supported by numerous surveys that ask employers to identify the most important skills and knowledge they look for in new hires. Technical skills are important, of course, particularly for highly specialized jobs and professions. But the skills and knowledge that employers tend to rank above anything else are the topics found in this and other organizational behavior books.

Exhibit 1.1 lists the most important skills identified by employers in four recent major surveys. Every list identifies problem solving (including analytic thinking and strategic thinking), which you will learn about along with creativity and employee involvement in Chapter 6. The ability to work effectively in teams (also listed as collaboration, interpersonal skills, and people management) is another top-ranked skill that employers look for in job applicants.

The team dynamics theme is fully discussed in Chapter 7, but it also relates to several others topics, such as understanding and managing emotions (Chapter 4), influencing others (Chapter 9), and managing conflict (Chapter 10).

Communication, which is featured in Chapter 8, is a third skill that employers in all four recent surveys identify as important for new hires. Leadership appears in three lists (in the Canadian survey, leadership is the second most important for mid-level hires, but not among the top five for entry-level hires). Leadership perspectives are discussed in Chapter 11, but this skill is also associated with other topics, such as motivating people (Chapter 5) and leading organizational change (Chapter 14). Overall, these and other surveys suggest that OB offers a core foundation of knowledge and skill development for your success in organizations.[11]

Better Personal Theories to Predict and Influence Along with providing the specific knowledge and skills identified in these surveys, this book serves a broader purpose: to help you develop better personal theories to understand, predict, and

Organizational behavior knowledge helps you to refine your personal theories, so you can understand, predict, and influence organizational events.
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Exhibit 1.1 Most Important Skills for New Hires

National Association of Colleges and Employers (United States)	Bloomberg Skills Report (United States)	Business Council of Canada (entry-level hires list)	Australian Institute of Management
• Problem solving	• Communication skills	• Collaboration, teamwork, interpersonal skills	• Communication
• Ability to work in a team	• Analytical thinking	• Communication skills	• Leadership
• Communication (written)	• Work collaboratively	• Problem-solving skills	• Emotional intelligence
• Leadership	• Strategic thinking	• Analytical capabilities	• People management
• Strong work ethic	• Leadership skills	• Resiliency	• Problem solving

Sources: "The Bloomberg Job Skills Report 2016: What Recruiters Want," *Bloomberg,* February 9, 2016; "Job Outlook 2018" (Bethlehem, PA: National Association of Colleges and Employers, November 2017); Morneau Shepell, "Navigating Change: 2018 Business Council Skills Survey" (Ottawa: Business Council of Canada, April 2018); "AIM Soft Skills Survey 2019" (Sydney: Australian Institute of Management, December 2018).

organizational effectiveness a broad concept represented by several perspectives, including the organization's fit with the external environment, internal subsystems' configuration for high performance, emphasis on organizational learning, and ability to satisfy the needs of key stakeholders

open systems a perspective that holds that organizations depend on the external environment for resources, affect that environment through their output, and consist of internal subsystems that transform inputs to outputs

human capital the knowledge, skills, abilities, creative thinking, and other valued resources that employees bring to the organization

influence organizational events. Every one of us has an inherent drive to understand our surroundings.[12] This need is particularly strong in organizational settings because they are highly complex and ambiguous contexts that have a profound effect on us. Throughout our lives, we develop personal theories to make sense of our environments. These personal theories are sometimes accurate, sometimes too simplified to fit specific situations, and occasionally wrong. Even some ideas that appear to be "common sense" may be inaccurate or oversimplified.[13]

The field of organizational behavior applies systematic research to develop evidence-based theories. This knowledge helps you to refine your personal theories, so you are better able to understand, predict, and influence organizational events.[14] Organizations are people who work together to accomplish things. Therefore, no matter what career path you choose, OB theories and practices are enormously valuable to help you perform your job and work more effectively within organizations.

Organizational Behavior Is for Everyone You may have noticed that we haven't mentioned "managers" in this discussion on why OB is important for you. Effective management (and leadership) does depend on OB concepts and practices, but this book pioneered the broader view that OB is valuable for everyone who works in and around organizations. Whether you are a software engineer, customer service representative, foreign exchange analyst, or chief executive officer, you need to understand and apply the many organizational behavior topics that are discussed in this book. In fact, OB knowledge is probably more valuable than ever before because employees increasingly need to be proactive, self-motivated, and able to work effectively with coworkers without management intervention. In the words of one forward-thinking OB writer almost a half century ago: Everyone is a manager.[15]

Why OB Is Important for Organizations

Along with benefiting you as an individual, the field of organizational behavior is vital to the organization's survival and success.[16] For instance, the best 100 companies to work for in America (i.e., companies with the highest levels of employee satisfaction) enjoy significantly higher financial performance

than other businesses within the same industry. Companies with higher levels of employee engagement have higher sales and profitability. OB practices are also associated with various indicators of hospital performance, such as lower patient mortality rates and higher patient satisfaction. Other studies have consistently found a positive relationship between the quality of leadership and the company's financial performance. Financial analysts also rely on several organizational behavior variables—including leadership, performance-based rewards, employee development, and employee attitudes—as "positive screens" for selecting companies with the highest and most consistent long-term investment returns.[17]

Almost all organizational behavior theories have the implicit or explicit objective of making organizations more effective.[18] In fact, **organizational effectiveness** is considered the "ultimate dependent variable" in organizational behavior.[19] Organizational performance, success, goodness, health, competitiveness, and excellence are alternative labels for organizational effectiveness. Organizations are effective when they have a good fit with their external environment, effectively transform inputs to outputs through human capital, and satisfy the needs of key stakeholders.[20] Let's look at these elements to understand how OB knowledge improves organizational effectiveness.

Organizations as Open Systems One of the fundamental views in organizational behavior is that organizations are **open systems**.[21] They are complex organisms that "live" within an external environment, as Exhibit 1.2 illustrates. The word *open* describes this permeable relationship, whereas *closed systems* operate without dependence on or interaction with an external environment. Organizations depend on the external environment for resources, including raw materials, job applicants, financial funding, information, and equipment. The environment also consists of laws, cultural norms, and other expectations that place demands on how organizations should operate.

The open systems view recognizes that organizations have numerous subsystems (departments, teams, technological processes, etc.) that transform the incoming resources into outputs. Organizations also have outputs to the external environment. Some outputs, such as products and services, may be valued by the external environment; other outputs, such as employee layoffs and pollution, are undesirable by-products. Throughout this process, organizations receive feedback regarding the value of their outputs, the availability of future inputs, and the appropriateness of the transformation process.

As open systems, organizations are effective when they maintain a good "fit" with their external environment.[22] A good fit exists when the organization's inputs, processes, and outputs are aligned with the resources available in the external environment and with the needs and expectations of that environment. Organizational behavior knowledge is highly relevant to the open systems view by identifying organizational characteristics that "fit" some external environments better than others. For example, the external environment is a key factor in choosing the best organizational structure (Chapter 12) and organizational culture

Exhibit 1.2 Organizations as Open Systems

External Environment

External Environment

Subsystem

Accounting subsystem

Technological subsystem

Subsystem

• Raw materials
• Human resources
• Information
• Financial resources
• Equipment

Subsystem

Engineering subsystem

Organization

Transforming inputs to outputs

Subsystem

Managerial subsystem

Marketing/Sales subsystem

Purchasing subsystem

Subsystem

Production subsystem

Subsystem

Cultural subsystem

Socialization subsystem

• Products/services
• Shareholder dividends
• Community support
• Waste/pollution

Feedback   Feedback

(Chapter 13). This topic also relates to leadership (Chapter 11), organizational change (Chapter 14), and job characteristics (Chapter 5).

OB theories also offer guidance regarding the transformation of inputs to outputs, including how internal subsystems coordinate with one another.[23] For instance, we discuss how to create and support effective teams (Chapter 7), how organizations rely on a

As open systems, organizations are effective when they maintain a good "fit" with their external environment.
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variety of coordinating mechanisms (Chapter 12), how employees use various methods every day to successfully influence each other (Chapter 9), and how successful companies improve coordination through a strong organizational culture (Chapter 13).

Human Capital as the Organization's Competitive Advantage The most important ingredient in the organization's process of transforming inputs to outputs is human capital. **Human capital** refers to the knowledge, skills, abilities, creativity, and other valued resources that employees bring to the organization. It is a competitive advantage because employees are essential for the organization's survival and success. Furthermore, their talents are difficult to find, copy, and replace with technology.[24] Consequently, effective organizations introduce workplace practices that enhance human capital.[25] These practices are identified and discussed throughout this book. For example, some OB themes identify ways to strengthen employee motivation through enriched jobs, rewards, feedback, and fair work practices (Chapter 5). Other topics discuss the value of employee involvement (Chapter 6) and the features of effective self-directed work teams (Chapter 7).

Organizations potentially boost their effectiveness through human capital development in three ways.[26] First, human capital development partly occurs by improving employee skills and knowledge. When employees improve their ability, they tend to improve their performance, which, in turn, improves the organization's success. Second, companies with superior human capital are better at adapting to rapidly changing environments. This

stakeholders individuals, groups, and other entities that affect, or are affected by, the organization's objectives and actions

values relatively stable, evaluative beliefs that guide a person's preferences for outcomes or courses of action in a variety of situations

corporate social responsibility (CSR) organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations

or are affected by, the company's objectives and actions.[28] Organizations are more effective when they understand, manage, and satisfy stakeholder needs and expectations. However, this is easier said than done because stakeholders have conflicting interests and organizations lack sufficient resources to fully satisfy everyone.

Several organizational behavior topics give us a better understanding of stakeholder relations.[29] In particular, research has identified several factors that influence the prioritization of stakeholders, including stakeholder power (Chapter 9), how executives perceive the organization's environment (Chapter 3 and Chapter 12), the organization's culture (Chapter 13), and the personal values of the corporate board and executive team (Chapter 2).

Personal values play a key role in stakeholder relations. **Values** are relatively stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations.[30] They help us know what is right or wrong, or good or bad, in a particular situation. Chapter 2 explains how values anchor our thoughts and to some extent motivate our decisions

adaptability occurs because highly skilled employees who have freedom to perform their work are better at performing diverse tasks in unfamiliar situations. A third explanation is that developing human capital means the company is investing in and rewarding its workforce, which motivates employees to reciprocate through greater effort in their jobs and assistance to coworkers.

Organizations and Their Stakeholders As open systems, organizations need to adjust to the evolving needs and expectations of stakeholders. **Stakeholders** include customers, suppliers, the local community and national society, interest groups, stockholders, governments, and many other entities that affect,

Human Capital Practices in Selected OECD and Partner Countries[27]

Country	OECD Work Organization (Human Capital) Score
Sweden	3.0
Denmark	3.0
Norway	2.9
New Zealand	2.9
Austria	2.9
United States	2.8
Spain	2.8
Japan	2.8
Germany	2.8
Singapore	2.7
Turkey	2.6
Italy	2.6
France	2.6
Korea	2.5
Greece	2.5

OECD Work Organization (Human Capital) Score
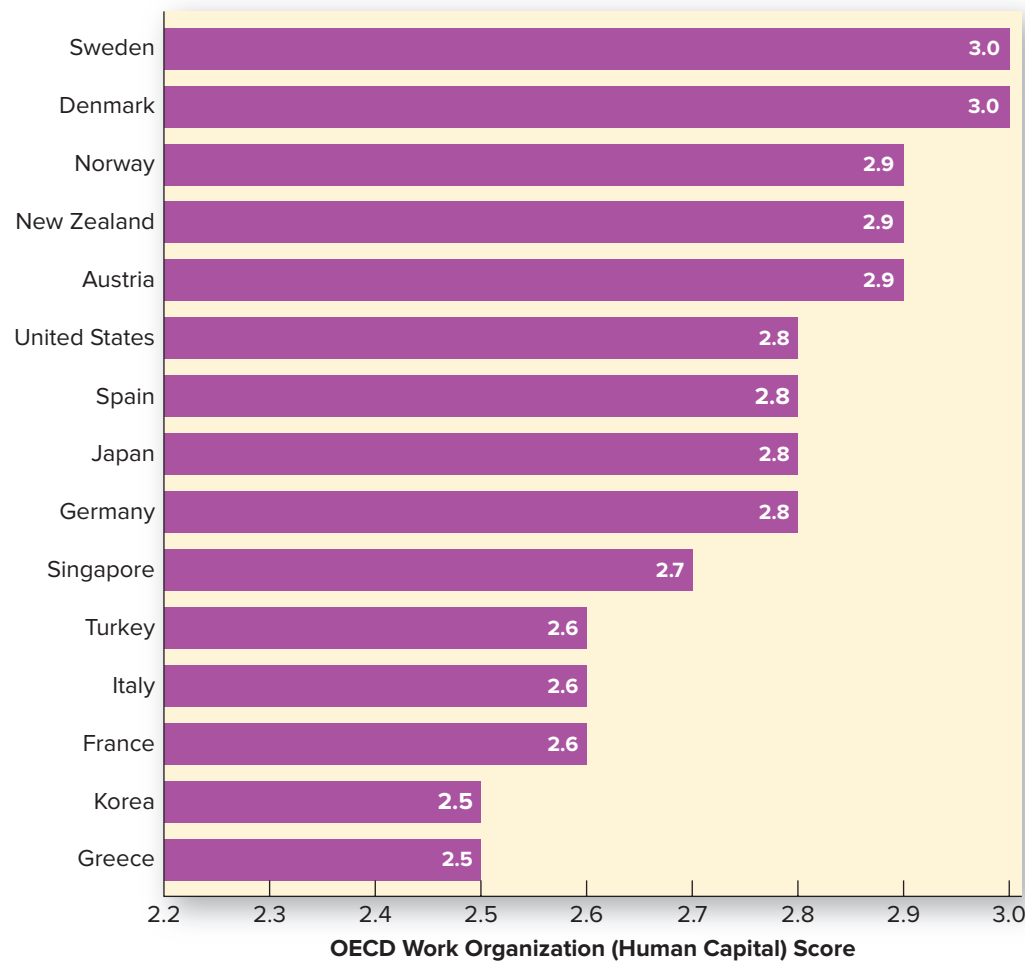
Average composite score on work organization (human capital) practices reported by employees in selected countries. Higher scores indicate a higher incidence of human capital practices in that country. This scale represents "work organization" practices, which exclude rewards but include work flexibility/autonomy, planning one's own work, cooperating and sharing information with coworkers, and training others. Data were collected from more than 215,000 adults in OECD and partner countries with a minimum 4,000 respondents per country. This chart shows a subset of the 34 countries measured in the study.

and behavior. With regard to stakeholders, the company's executive team and board of directors rely on their personal values to decide how the company should prioritize its investments for future growth and how its current earnings should be distributed (e.g., to stockholders, employees, community, etc.).

One topic that is closely aligned with personal values and stakeholders is corporate social responsibility. **Corporate social responsibility (CSR)** consists of organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations.[31] It is the view that companies have a contract with society, in which they must serve stakeholders beyond stockholders and customers. This is known as the triple-bottom-line philosophy. Firms that adopt the triple bottom line aim to survive and be profitable in the marketplace (economic), but they also intend to maintain or improve conditions for society (social) as well as the physical environment. The emerging evidence is that companies with a positive CSR reputation tend to have better financial performance, more loyal employees, and better relations with customers, job applicants, and other stakeholders.[32]

> Corporate social responsibility applies the triple bottom line; organizations strive to be financially successful as well as to improve society and the environment.

Connecting the Dots: An Integrative Model of Organizational Behavior

So far, we have explained how organizational behavior benefits you as well as the organization. This discussion also reveals that OB is a diverse and interconnected field of knowledge. Exhibit 1.3 is an integrative road map to help you navigate the various organizational behavior topics throughout this book. It is a meta-model—a model that connects more specific OB models and concepts. As such, Exhibit 1.3 gives you a bird's-eye view of the book and its various topics, so you can more easily see how they fit together.

As Exhibit 1.3 illustrates, individual inputs and processes influence individual outcomes, which have a direct effect on the organization's effectiveness. For example, how well organizations transform inputs to outputs and satisfy key stakeholders is dependent on how well employees perform their jobs and make logical and creative decisions. Individual inputs, processes, and outcomes are identified in the two left-side boxes of our integrative OB model and are the center of attention in Part 2 of this book. We will learn about personality and values—two of the most important individual characteristics—and later examine self-concept, perceptions, emotions, attitudes, and motivation.

Part 3 of this book directs our attention to team and interpersonal inputs, processes, and outcomes. These topics are found

Exhibit 1.3 An Integrative Model of Organizational Behavior

Organizational Inputs and Processes
- Organizational structure
- Organizational culture
- Organizational technology
- Organizational change
- Human resource practices
- Organizational strategy

Individual Inputs and Processes
- Personality/values/abilities
- Self-concept/perceptions/mindset
- Emotions/attitudes
- Motivation
- Self-leadership

Team/Interpersonal Inputs and Processes
- Team tasks/size/composition
- Team development/trust/cohesion
- Communication
- Leadership (team/organization)
- Power/influence/politics
- Conflict/negotiation

Individual Outcomes
- Behavior/performance
- Organizational citizenship
- Well-being (low distress)
- Decisions/creativity

Team/Interpersonal Outcomes
- Team performance
- Team decisions
- Collaboration/mutual support
- Social networks

Organizational Outcomes (Effectiveness)
- Open systems fit
- Effective input–output transformation through human capital development
- Effective stakeholder engagement
- Corporate social responsibility

evidence-based management the practice of making decisions and taking actions based on research evidence

in the two boxes on the right side of Exhibit 1.3. The chapter on team dynamics (Chapter 7) explains how team inputs (e.g., team composition, size, and other team characteristics) influence team processes (team development, cohesion, and others), which then affect team performance and other outcomes. Later chapters in Part 3 examine specific interpersonal and team processes listed in Exhibit 1.3, including communication, power and influence, conflict, and leadership.

Exhibit 1.3 illustrates that team processes and outcomes affect individual processes and outcomes. As an example, an individual's personal well-being is partly affected by the mutual support received from team members and other coworkers. The opposite is also true; individual processes affect team and interpersonal dynamics in organizations. For instance, self-concept among individual team members influences the team's cohesion.

The top area of Exhibit 1.3 highlights the macro-level influence of organizational inputs and processes on both teams and individuals. These organizational-level variables are mainly discussed in Part 4, including organizational structure, organizational culture, and organizational change. However, we will also refer to human resource practices, information systems, and additional organizational-level variables throughout this book where they have a known effect on individual, interpersonal, and team dynamics.

LO1-3 Describe the anchors on which organizational behavior knowledge is based.

ANCHORS OF ORGANIZATIONAL BEHAVIOR KNOWLEDGE

Earlier, we pointed out that the field of organizational behavior benefits you because it offers carefully constructed and tested theories and practices. By offering relatively accurate models of reality, OB helps you to refine your personal theories, which makes it easier to understand, predict, and influence organizational events. The field of OB relies on a set of conceptual anchors or principles on which OB knowledge is developed and refined (see Exhibit 1.4).[33]

The Systematic Research Anchor

A key feature of OB knowledge is that it should be based on systematic research, which typically involves forming research questions, systematically collecting data, and testing hypotheses against those data.[34] Systematic research investigation is the basis for **evidence-based management**—making decisions and taking actions guided by research evidence. It makes perfect sense

that management practice should be founded on the best available systematic knowledge. Yet corporate leaders and other staff often embrace fads, untested consulting models, and their own pet beliefs without bothering to find out if they actually work![35]

There are several reasons why corporate decision makers overlook evidence-based knowledge:

1. People are bombarded with ideas from consultant reports, newspaper articles, and other public sources, many of which provide only vague evidence to validate their claims. This volume and opacity of popular advice makes it difficult for executives to quickly determine which ideas have sufficient evidence-based foundation.

2. Busy executives tend to rely on a few favorite publications, rather than evaluate the accuracy of specific ideas published in those sources and continuously seek out other sources. Meanwhile, OB research often receives limited attention in many popular sources.[36]

3. Executives sometimes ignore or dismiss evidence-based knowledge that contradicts their preconceived beliefs. This problem is caused by various perceptual errors and decision-making biases (see Chapter 3 and Chapter 6).

4. The developers of many popular management fads are rewarded for marketing their ideas, not for testing to see if they actually work. Consequently, some management fads gain the most public attention because of their excellent packaging and promotion, not because they have the strongest evidence-based foundation.

5. Good OB research is necessarily generic rather than relevant to a specific situation or industry. Managers therefore have the difficult task of figuring out which theories are relevant to their unique situation.

OB experts have proposed a few simple suggestions to create a more evidence-based organization.[37] First, be skeptical of hype, which is apparent when so-called experts say the idea is "new," "revolutionary," and "proven." In reality, most management ideas are adaptations, evolutionary, and never proven (science can only disprove, but never prove; it can only find evidence to support a practice). Second, the company should embrace collective expertise rather than rely on charismatic stars and management gurus. Third, stories provide useful illustrations and possibly preliminary evidence of a useful practice, but they should never become the main foundation to support management action. Instead, rely on more systematic investigation with a larger sample. Finally, take a neutral stance toward

OB THEORY TO PRACTICE

Creating an Evidence-Based Management Organization

1. Be skeptical of hyped management practices ("new," "revolutionary," "proven").
2. Embrace collective expertise, not charismatic stars or management gurus.
3. Use stories as examples and ideas, not conclusive evidence.
4. Take a neutral stance to popular trends and ideologies.

Exhibit 1.4 Anchors of Organizational Behavior Knowledge

Systematic research anchor	Study organizations using systematic research methods
Practical orientation anchor	Ensure that OB theories are useful in organizations
Multidisciplinary anchor	Import knowledge from other disciplines, not just create its own knowledge
Contingency anchor	Recognize that the effectiveness of an action may depend on the situation
Multiple levels of analysis anchor	Understand OB events from three levels of analysis: individual, team, organization

popular trends and ideologies. Executives tend to get caught up in what their counterparts at other companies are doing without determining the validity or relevance of those trendy practices to their own organizations.

The Practical Orientation Anchor

Most OB theories are interesting, but they also need to be useful in practice, whether for executive teams or for the rest of us in everyday work activities.[38] This is consistent with our statement earlier in this chapter that almost all organizational behavior theories have the implicit or explicit objective of making organizations more effective. The true "impact" of an OB theory is how well it finds its way into organizational life and becomes a valuable asset for improving the organization's effectiveness. OB theories offer specific advice on how to energize employees, improve customer service through employee attitudes, create more effective teams, determine the best communication channel for a specific situation, build a strong corporate culture, determine when to involve others in your decisions, handle conflict effectively, and so forth. After reading this book, you will have a toolkit of theories that are not only interesting, but are practical to use in organizations.

The Multidisciplinary Anchor

Another organizational behavior anchor is that the field should welcome theories and knowledge from other disciplines, not just from its own isolated research base. For instance, psychological research has aided our understanding of individual and interpersonal behavior. Sociologists have contributed to our knowledge of team dynamics, organizational socialization, organizational power, and other aspects of the social system. OB knowledge

has also benefited from knowledge in emerging fields such as communications, marketing, and information systems.

This practice of borrowing theory from other disciplines is inevitable. Organizations have central roles in society, so they are studied in many social sciences.[39] Furthermore, organizations consist of people who interact with one another, so there is an inherent intersection between OB and most disciplines that study human beings. However, by relying too much on theories developed in other fields, OB faces the risk of lagging rather than leading in knowledge production. In contrast, OB-bred theories allow researchers to concentrate on the quality and usefulness of the theory and be the first to understand and apply that knowledge.[40]

The Contingency Anchor

OB research embraces the contingency anchor—namely, that the effect of one variable on another variable often depends on the characteristics of the situation or people involved. People and their work environments are complex, so a particular action may have different consequences under different conditions. The same outcome or solution rarely applies in every circumstance.[41]

For example, later in this chapter we discuss how the success of remote work depends on specific characteristics of the employee, job, and organization. Contingencies are identified in many OB theories, such as the best leadership style, the best conflict-handling style, and the best organizational structure. Of course, it would be so much simpler if we could rely on "one best way" theories, in which a particular concept or practice has the same results in every situation. OB experts do try to keep theories as simple as possible, but the contingency anchor is always on their mind.[42]

People and their work environments are complex, so a particular action may have different consequences under different conditions (the contingency anchor).
Elnur/Shutterstock

The Multiple Levels of Analysis Anchor

Organizational behavior recognizes that what goes on in organizations can be placed into three levels of analysis: individual, team (including interpersonal), and organization. In fact, advanced empirical research carefully identifies the appropriate level of analysis for each variable in the study and then measures at that level of analysis. For example, team norms and cohesion are measured as team variables, not as characteristics of individuals within each team.

Although OB research and writing pegs each variable within one of these levels of analysis, most variables are understood best by thinking of them from all three levels of analysis.[43] Communication is located in this book as a team (interpersonal) process, for instance, but it also includes individual and organizational processes. Therefore, you should try to think about each OB topic at the individual, team, and organizational levels, not just at one of these levels.

> **LO1-4** Summarize the workplace trends of diversity and the inclusive workplace, work–life integration, remote work, and emerging employment relationships.

THE EMERGING WORKPLACE LANDSCAPE

Organizations are experiencing unprecedented change. Global competition, rapid and disruptive technological change, and many other factors have substantially altered business strategy and everyday workplace activities. The field of organizational behavior plays a vital role in guiding organizations through this continuous turbulence. In this section, we look at four emerging workplace developments: diversity/inclusive workplace, work–life integration, remote work, and employment relationships.

Diversity and the Inclusive Workplace

An important objective of successful organizations is to create an **inclusive workplace**. Inclusive workplaces value diversity and allow people of all identities to be fully themselves while contributing to the organization.[44] At the individual level, an inclusive workplace enables people of all backgrounds to feel psychologically safe, engaged, valued, authentic, listened to, and respected. At a collective level, an inclusive workplace gives diverse groups voice through formal structures, such as diversity councils, and everyday processes, such as representation in

teams and casual gatherings. It also continually assesses recruitment, rewards, social and information networks, and other organizational systems to ensure that they do not unfairly favor some groups over others.

Most people initially think about diversity in terms of **surface-level diversity**, that is, the observable demographic and other overt differences among members of a group, such as their race, ethnicity, gender, age, and physical capabilities.[45] Surface-level diversity in the United States and many other countries has increased substantially over the past few decades. Another form of diversity—called **deep-level diversity**—refers to differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes.[46] We can't directly see deep-level diversity, but it is evident in a person's words, decisions, and actions. Some deep-level diversity is associated with surface-level attributes. For example, studies report significant differences between men and women regarding their preference of conflict-handling styles, ethical principles, and approaches to communicating with other people in various situations.[47]

The combination of surface-level and deep-level diversity is also evident in the multigenerational workforce, which is usually organized into cohorts: *Silents* (born earlier than 1946), *Baby Boomers* (born from 1946 to 1964), *Generation Xers* (born from 1965 to 1980), *Millennials* (born from 1981 to 1996), and *Generation Zs* (born after 1996).[48] Research suggests that differences in needs, expectations, and attitudes do exist across age groups, although not necessarily as much as some popular books and articles claim. Also, much of this deep-level diversity is due more to the person's stage in life and less to whether they were born into a specific cohort. For instance, one analysis of German data over 25 years found that generational groups held similar attitudes (importance of job success, importance of self-actualization, confidence in the future, worry about job security, etc.) when they were a particular age. In other words, Baby Boomers had similar beliefs and attitudes as Millennials do when they were that age.[49]

Consequences of Diversity Inclusive workplaces produce better decisions, employee attitudes, team performance, and a host of other favorable outcomes for employees and the organization.[50] Teams with high informational diversity (members have different knowledge and skills) tend to be more creative and make better decisions in complex situations compared to teams with less informational diversity. A workforce with surface-level and deep-level diversity is also more representative of most communities, so companies are better able to recognize and address community needs. However, the many benefits of

> **The many benefits of an inclusive workplace depend on leadership, team structure, psychological safety perceptions, and employees' personal values.**

Inclusive workplaces value diversity and allow people of all identities to be fully themselves while contributing to the organization.
Ariel Skelley/Blend Images

inclusive workplace a workplace that values people of all identities and allows them to be fully themselves while contributing to the organization

surface-level diversity the observable demographic or physiological differences in people, such as their race, ethnicity, gender, age, and physical disabilities

deep-level diversity differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes

work–life integration the degree that people are effectively engaged in their various work and nonwork roles and have a low degree of role conflict across those life domains

an inclusive workplace are contingent on a variety of factors, such as leadership, team structure, psychological safety perceptions, and employees' personal values.[51]

Diversity also poses challenges in the workplace.[52] One problem is that employees with diverse backgrounds usually take longer to perform effectively together because they experience numerous communication problems and create "faultlines" in informal group dynamics (see Chapter 7). One recent study found that research teams in the Formula 1 race car industry performed better as their diversity (range of experience) increased to a point, but performance was lower in highly diverse teams because they couldn't communicate or coordinate as well as less diverse teams. Some forms of diversity also increase the risk of dysfunctional conflict, which reduces information sharing and satisfaction with coworkers (see Chapter 10). These problems can offset the advantages of diversity in some situations.

But even with these challenges, companies need to make diversity a priority because surface-level diversity, as well as some forms of deep-level diversity, are moral and legal imperatives. Companies that offer an inclusive workplace are, in essence, fulfilling the ethical standard of fairness in their decisions regarding employment and the allocation of rewards. Inclusive workplace practices improve the quality of hiring and promotion, and increase employee satisfaction and loyalty. Companies that create an inclusive workplace also nurture a culture of respect that, in turn, improves cooperation and coordination among employees.

Work–Life Integration

Before the digital age, most employees would finish work after eight or nine hours at the office or factory and could separate their personal time from their employment. Few people had complete separation of these roles, of course. Employees either brought paperwork home or thought about workplace issues long after their official work day had ended. Even so, the past is a stark contrast to the situation today in which information technology tethers a large percentage of employees to work on a 24/7 schedule. Globalization has contributed to this blending of work and nonwork because employees need to be "on-call" with coworkers, suppliers, and clients who now live in different time zones around the planet.

Little wonder that one feature employees value in a job is the ability to integrate work with nonwork activities.[53] **Work–life integration** refers to the degree that people are effectively engaged in their various work and nonwork roles and have a low degree of role conflict across those life domains.[54] This phrase has replaced *work–life balance*, which incorrectly implies that work and nonwork roles are completely separate and opposing partitions (like a balance of a scale). "There is no such thing as work–life balance," says Lisa Sterling, executive vice president and chief people & culture officer at human resource software company Ceridian in Minneapolis. "You've got to get to a point at which work and life integrate, and you figure out organizationally and individually how to make those two things work together."[55]

Work–life integration occurs by satisfying the demands and experiencing the positive emotions of our multiple roles, which are inherently integrated because the resources generated and consumed by one role enhance or starve other roles.
chaponta/Shutterstock

To understand work–life integration, consider that each of us has multiple roles and associated self-concepts, such as accountant, parent, friend, manager, and sports fan (see Chapter 3). Work–life integration occurs by satisfying the demands and experiencing the positive emotions of our various segments of life. These roles are inherently integrated because the resources generated and consumed by one role enhance or starve other roles.[56] People with a fulfilling home life, for example, develop social support, positive moods, relaxation, and other resources that can enrich their work and other roles. Similarly, the resources gained at work—such as new skills, financial rewards, and feelings of success—contribute to home and other nonwork roles.

Unfortunately, many people don't experience resource enrichment across roles. Instead, the heavy demands of one role deplete personal resources, which starve other roles. Employees who spend most waking hours performing or thinking about their job—whether at the workplace, at home, or on vacation—have insufficient time and energy remaining for other aspects of their lives. They experience what is widely known as work–life conflict. In summary, a person's work roles and nonwork roles are inherently integrated because the physical, cognitive, and emotional resources produced or consumed by one role potentially enrich or undermine the success and enjoyment of other roles.

Practicing Work–Life Integration How do individuals and organizations maximize work–life integration?[57] One strategy is to literally integrate two or more roles. An increasingly popular trend is to conduct meetings during an exercise walk. Some companies encourage staff to bring their dogs to work, which is both comforting and requires an occasional break to walk the four-legged friend. Onsite child care is a form of integration because it allows employees to switch from work to parent roles throughout the day. These integration efforts are not always effective, but they illustrate that blending work and nonwork roles is more viable than we previously understood.

A second work–life integration strategy occurs through flexible work scheduling.[58] For instance, you might remotely attend a meeting from home in the evening with coworkers who live in other time zones, then arrive at work late the next morning after doing a few household chores. Organizations also have parental and other personal leave benefits to support higher demands at home in the short term. A third work–life integration strategy is to ensure that your various work and nonwork roles are sufficiently compatible with each other and with your personal characteristics. In other words, your job, family life, sports activities, and so forth should roughly be consistent with your personality and values. This relates to self-concept consistency, which we discuss in Chapter 3.

Although work is integrated with other life roles, a fourth strategy is to engage in some degree of "boundary management"

OB THEORY TO PRACTICE

Strategies to Improve Work–Life Integration

Work–Life Integration Strategy	Description	Example
Integrate multiple roles	Find ways to perform work and nonwork activities simultaneously or proximally.	Have a meeting with a coworker while doing exercise that allows conversation (e.g., walking).
Flexible work scheduling	Establish work (and nonwork) roles that allow work time to have variable time frames.	Seek jobs and companies that allow you to vary your start and finish times as well as work remotely on some days.
Align roles with personal attributes	Choose work and nonwork roles that are sufficiently compatible with each other and with your personality and values.	Assess your personality and values, then choose work and life activities that are compatible with those personal attributes.
Boundary management	Establish methods that prevent your work roles from encroaching on time and attention devoted to your nonwork roles.	Establish personal or organizational rules that prohibit communication with coworkers at times that are formally outside company work hours.

across those roles.[59] Employees are more likely to set aside work-free times in their private lives when they observe this behavior in managers. Several organizations adopt more structured boundary management through rules that prohibit work-related communication (except in extreme emergencies) after the regular work day. The French government has taken this one step further: It recently passed legislation giving employees the "right to disconnect"—that is, they have a legal right to ignore company messages after hours.

Remote Work

Blending work with other life roles is particularly apparent as more people sometimes perform their job remotely rather than at the organization's physical work site.[60] *Remote work* (formerly known as telecommuting or teleworking) occurs when employees work from home or other nonwork site (such as a café). It also occurs when employees are temporarily or indefinitely assigned to a client's workplace—an arrangement that we describe in the next section on employment relationships. Remote work is increasingly common because employees can connect relatively easily with coworkers, clients, and company data through various forms of information technology.

> **I never wrote anything in the office—too many distractions.[61]**
>
> —David Ogilvy, founder of Ogilvy, known as the "Father of Advertising"

A small percentage of the American workforce over the past two decades has worked remotely at least a few days each month. However, remote working skyrocketed when the COVID-19 pandemic forced businesses in the United States and elsewhere to apply social distancing and self-isolation practices. One very large panel survey reported that 61 percent of full-time American employees were working from home due to COVID-19 a few weeks after it became a serious health concern (but before the peak of its first wave). In comparison, 33 percent of these employees were working at home two weeks earlier, just as the social distancing requirements were being introduced. Some companies, such as Optus (a large Australian telecommunications firm), intend to transition its call center employees permanently to remote work arrangements, even after the pandemic is over.[62]

Some companies employed a completely remote workforce long before the COVID-19 pandemic motivated many employers to apply this work arrangement. As we described at the beginning of this chapter, all of Automattic's 1,200 employees work from home and cafés across dozens of countries, every day. Buffer, Emsisoft, and Sonatype are a few other organizations in which all employees are remote workers. These *distributed organizations* have learned how to recruit, train, support, retain, and lead employees who rarely (if ever) meet in person. "When I started doing all-remote, it was a special thing," says Christian Mairoll, who launched anti-malware software company Emsisoft 15 years ago in Austria. Mairoll now has three dozen staff located around the world and runs the business from his sheep farm in New Zealand. "As we celebrate our 15th anniversary, I'm proud to say that Emsisoft is living proof that all-remote is a viable, effective, and sustainable business model."[63]

Remote Work Benefits and Risks Remote work is a controversial topic because it has both benefits and risks for organizations as well as remote workers (see Exhibit 1.5).[64] Several contingencies also enhance and undermine its effectiveness. One benefit is that remote workers usually experience better work–life integration because they have more time and somewhat more control to juggle work with family obligations. Work–life integration is more difficult, however, when employees lack sufficient workspace and privacy at home and have increased family responsibilities on days when they work from home.

Job applicants—particularly Millennials and Gen Zers—identify remote work as an attractive job feature, and turnover is usually lower among employees who are able to work from home. Research also indicates that remote workers have higher productivity than other employees, likely because they experience less stress and tend to convert some of the former commuting time into work time. Working remotely also improves productivity by enabling employees to perform their jobs at times when natural disasters (such as the COVID-19 pandemic) prohibit access to the office.

Due to less commuting, remote work offers considerable financial benefits for employees, including less vehicle use, fuel costs, unpaid time traveling, and other commuting expenses.[65] Remote work benefits society in the form of lower greenhouse gas emissions and less need for taxpayer-funded transportation infrastructure. Companies also benefit from lower real estate costs.

Remote work also has several disadvantages or risks.[66] People who regularly or mostly work from home report higher

Exhibit 1.5 Potential Benefits and Risks of Remote Working

Potential Benefits	Potential Risks
• Better employee work–life integration	• More social isolation
• Attractive benefit for job applicants	• Lower team cohesion
• Low employee turnover	• Weaker organizational culture
• Higher employee productivity	• Higher stress due to home space and roles
• Reduced greenhouse gas emissions	
• Reduced corporate real estate and office costs	

Remote work tends to be more successful when employers help remote workers maintain sufficient cohesion with their team and psychological connectedness with the organization.
fizkes/Shutterstock

communication channels, such a video conferences with cameras turned on, also improve personal relatedness.

Employment Relationships

Another rapidly evolving workplace arrangement is the individual's formal employment relationship with the organization.[68] Historically, most workers have been in full-time, permanent jobs (called direct employment). This relationship assumes continuous employment (lifetime employment, in rare cases), usually with expectations of career advancement and the organization's investment in the employee's skills. An increasing percentage of the workforce has a more fragile form of direct employment relationship, such as part-time, on-call, casual, and seasonal employment.

Although direct employment still dominates, indirect employment and self-employed contract work are the fastest growing work relationships. Indirect employment occurs when people hold positions in an agency and are temporarily assigned (temps) or indefinitely "leased" to client firms. One annual survey estimates that agency-based placements alone represent almost 10 percent of the U.S. workforce.[69] The rapid growth of indirect employment has occurred as companies outsource noncore work activities, such as information technology and customer contact centers, to firms that specialize in these services.

levels of social isolation, including weaker relationships with coworkers. They also receive less word-of-mouth information, which may have implications for promotional opportunities and workplace relations. Teams potentially suffer from lower cohesion. Organizations risk having a weaker culture when most employees work from home for a significant part of their work week.

The success of remote working depends on several characteristics of the employee, job, and organization.[67] Employees who work effectively from home typically have high self-motivation, self-organization, need for autonomy, and information technology skills. They also fulfill their social needs more from sources outside the workplace. Jobs are better suited to remote work when the tasks require few resources at the workplace, the work is performed independently from coworkers, and task performance is measurable.

Remote work tends to be more successful when organizations reward and promote employees based on their performance rather than their presence in the office (face time). These firms also help remote workers maintain sufficient cohesion with their team and psychological connectedness with the organization. This occurs through regular supportive communication with the supervisor and teammates. In some instances, companies may need to limit the number of days that employees work from home, such as by having special meetings or events where all employees assemble at the workplace. Visual

Self-employed contract work, the third type of employment relationship, has recently dominated the public's attention because of the increasing number of freelancers in the "gig economy." Traditionally, a self-employed contractor represents an independent organization that provides services to a client organization. The emergence of Uber, Airbnb, Uber Eats, and other branded platforms has created a less independent form of this relationship. Some experts suggest that platform-based workers are more like on-call direct employment staff than contractors because they are dependent on the platform, abide by its work standards, and in some instances provide transportation, food delivery, or accommodation services when required by the platform.[70]

Consequences of Emerging Employment Relationships
People in indirect and self-employment relationships have higher job performance under some circumstances, but those with direct employment relationships tend to produce higher work quality, innovation, and agility. This is because permanent employees tend to have lower turnover, higher commitment, and more involvement in the company. They also tend to receive more organizational investment in their training, rewards, and other high-performance work practices.[71]

Teams that include both direct employment and agency workers tend to have weaker social networks, which results in less information sharing (see Chapter 9).

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Contract workers generally have similar levels of job satisfaction as direct employment workers, whereas agency workers tend to have lower job satisfaction. In fact, the presence of agency (outsourced) workers can adversely affect the satisfaction and commitment of permanent employees in the client organization. Direct employment anchors an individual's self-concept (see Chapter 3), whereas people working in outsourced/agency and contract relationships need to discover how to replicate this stability in their self-view and role. Finally, managers in client firms seem to experience more ambiguity in their roles and less

individual behavior and performance (see Exhibit 1.6). MARS is the acronym for these four concepts.[76] All four factors are essential influences on an individual's voluntary behavior and performance; if any one of them is low in a given situation, the employee is less likely to engage in the

> **MARS model** a model depicting the four variables—motivation, ability, role perceptions, and situational factors—that directly influence an individual's voluntary behavior and performance
>
> **motivation** the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior

> ❝ People in indirect and self-employment relationships have higher job performance under some circumstances, but those with direct employment relationships tend to produce higher work quality, innovation, and agility. ❞

discretion in their daily attempts to guide the work of indirect employment and contract people who are technically not their own employees.[72]

> **L01-5** Describe the four factors that directly influence individual behavior and performance.

MARS MODEL OF INDIVIDUAL BEHAVIOR AND PERFORMANCE

For most of the past century, experts have investigated the direct predictors of individual behavior and performance.[73] One of the earliest formulas was *performance* = *person* × *situation*, where *person* includes individual characteristics and *situation* represents external influences on the individual's behavior. Another frequently mentioned formula is *performance* = *ability* × *motivation*.[74] Sometimes known as the "skill-and-will" model, this formula elaborates two specific characteristics within the person that influence individual performance. Some organizational studies use the *ability–motivation–opportunity (AMO)* model, which refers to the three variables but with a limited interpretation of the situation. Along with ability, motivation, and situation, researchers have more recently identified a fourth key direct predictor of individual behavior and performance: role perceptions (the individual's expected role obligations).[75]

These four variables—motivation, ability, role perceptions, and situational factors—are represented in the **MARS model** of

behavior or will perform it poorly. For example, motivated salespeople with clear role perceptions and sufficient resources (situational factors) will not perform their jobs as well if they lack sales skills and related knowledge (ability).

Motivation, ability, and role perceptions are clustered together in the model because they are located within the person. Situational factors are external to the individual but still affect his or her behavior and performance.[77] The four MARS variables are the direct predictors of employee performance, customer service, coworker collegiality, ethical behavior, and all other forms of voluntary behavior in the workplace. Let's look at each of the four factors in the MARS model.

Employee Motivation

Motivation represents the forces within a person that affect his or her direction, intensity, and persistence of effort for voluntary behavior.[78] *Direction* refers to the path along which people steer their effort. In other words, motivation is goal-directed, not random. People have choices about what they are trying to achieve and at what level of quality, quantity, and so forth. They are motivated to arrive at work on time, finish a project a few hours early, or aim for many other targets.

The second element of motivation, called *intensity*, is the amount of effort allocated to the goal. Intensity refers to how much people push themselves to complete a task. Two employees might be motivated to finish their project within the next few hours (direction), but only one of them puts forth enough effort (intensity) to achieve this goal. The third element of motivation is *persistence*, which refers to the length of time that the individual continues to exert effort toward an objective. Employees sustain their effort until they reach their goal or give up beforehand.

Exhibit 1.6 MARS Model of Individual Behavior and Results

Individual
characteristics   MARS model

Personality

Values

Self-concept

Perceptions

Emotions and
attitudes

Stress

Motivation

Ability

Role
perceptions

Situational
factors

Behavior and
results

- Task performance
- Organizational
  citizenship
- Counterproductive
  work behaviors
- Joining/staying with
  the organization
- Maintaining
  attendance
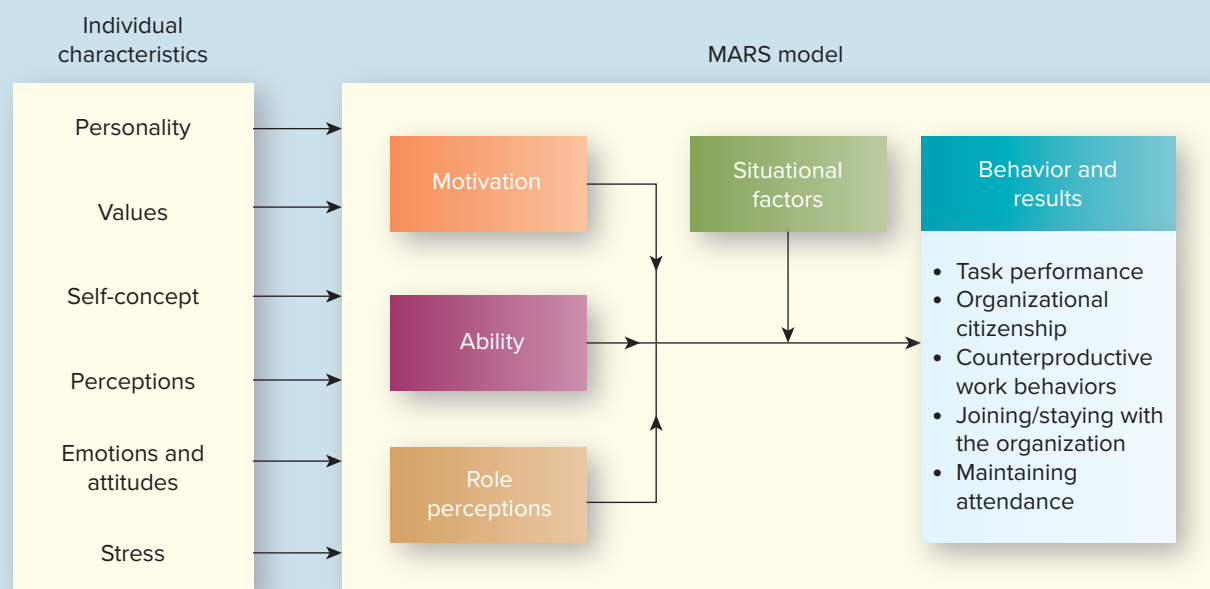
To help remember these three elements of motivation, consider the metaphor of driving a car in which the thrust of the engine is your effort. Direction refers to where you steer the car, intensity is how much you put your foot down on the gas pedal, and persistence is for how long you keep your foot on that accelerator and drive toward your destination. Remember that motivation is a force that exists within individuals; it is not their actual behavior. Thus, direction, intensity, and persistence are cognitive (thoughts) and emotional conditions that directly cause us to move.

Ability

Employee abilities have a well-known influence on behavior and task performance. **Ability** includes both the learned capabilities and natural aptitudes required to successfully complete a task. *Learned capabilities* include the skills and knowledge that people acquire through training, practice, and other forms of learning. Learned capabilities tend to wane over time if they are not regularly put to use. *Aptitudes* are the natural talents that help employees learn specific tasks more quickly and perform them better. For example, finger dexterity is an aptitude by which individuals learn more quickly and potentially achieve higher performance at picking up and handling small objects with their fingers. Employees with high finger dexterity are not necessarily better than others at first; rather, they usually learn the skill faster and potentially reach a higher level of performance.[79]

How well an individual's abilities affect his or her performance and well-being depends on how well those abilities are compatible with the job's requirements. One matching strategy is to select applicants with the required abilities. For example,

companies ask applicants to perform work samples, provide references for checking their past performance, and complete various selection tests. A second strategy is to train employees who lack specific knowledge or skills needed for the job.[80] The third person–job matching strategy is to redesign the job so that employees are given tasks only within their current abilities. For example, a complex task might be simplified—some aspects of the work are transferred to others—so a new employee is only assigned tasks that he or she is currently able to perform. As the employee becomes more competent at these tasks, other tasks are added back into the job.

Role Perceptions

Along with motivation and ability, employees require accurate **role perceptions** to perform their jobs well. Role perceptions refer to how clearly people understand what is expected of them in their organizational roles. These perceptions range from role clarity to role ambiguity. Role clarity exists when the individual:

1. Understands the specific duties or consequences for which the employee is accountable.

2. Understands the priority of assigned tasks and performance expectations (e.g. performance quality versus quantity).

3. Understands the preferred behaviors or procedures for accomplishing tasks.

The first of these may seem obvious, but employees are occasionally evaluated on job duties they were never told were within their zone of responsibility. The priority dimension of

Mind the MARS Gap on Ability, Role Perceptions, and Situational Factors[81]

40% of 20,000 employees surveyed worldwide strongly agree that their managers have clearly defined their roles and responsibilities.

67% of 615,395 U.S. federal government employees say they are given a real opportunity to improve their skills in the organization.

60% of 2.2 million employees surveyed worldwide strongly agree that they know what is expected of them.

83% of 181,754 Canadian federal government employees strongly or somewhat agree that they have the materials and equipment they need to do their job.

75% of 1,500 American employees surveyed question whether their workplace has given them the sufficient training necessary to do their current job.

(Photo): Maren Wischnewski/Alamy Stock Photo

> **ability** the learned capabilities and natural aptitudes required to successfully complete a task
>
> **role perceptions** the degree to which a person understands the job duties assigned to or expected of him or her

role clarity is illustrated in the classic dilemma of quantity versus quality, such as how many customers to serve in an hour (quantity) versus how well each customer should be served (quality). The "preferred behaviors or procedures" dimension of role clarity exists when an employee knows two or three ways to perform a task and knows which of these the company prefers.

Role perceptions are important because they represent how well employees know where to direct their effort.[82] Employees with role clarity perform work more accurately and efficiently, whereas those with role ambiguity waste considerable time and energy performing the wrong tasks or in the wrong way. Furthermore, role clarity is essential for coordination with coworkers and other stakeholders. This not only improves team performance, but it also ensures that everyone performs their work safely. Finally, role clarity motivates employees because they have a higher belief that their effort will produce the expected outcomes. In other words, people are more confident when they know what is expected of them.

O B   T H E O R Y   T O   P R A C T I C E

Walmart Employees Improve Role Perceptions through Virtual Reality Training[83]

Through virtual reality training, Walmart employees are improving their role clarity for everyday situations. An employee slips on VR goggles and acts out the role while classmates view a projection of the same scene. The Black Friday scenario, for example, shows long lines, confused shoppers, a toddler standing on a shopping cart seat, and a manager searching for lost keys.

The instructor coaches employee role perceptions by asking the class to prioritize what should be done and to describe the preferred behaviors for each incident. For example, Walmart has a preferred way to correct the child's risky behavior in the shopping cart (*hint:* don't tell the child directly). "Black Friday is a busy, hectic day for everyone," says Sandi Hughes, a Walmart employee in St. Petersburg, Florida. "With the VR, an associate can feel how it can play out."

Julio Cortez/AP Images

Situational Factors

Individual behavior and performance also depend on the situation, which is any context beyond the employee's immediate control.[84] The situation has two main influences on individual behavior and performance.[85] One influence is that the work context constrains or facilitates behavior and performance. Employees who are motivated and skilled and know their role obligations will nevertheless perform poorly if they lack time, budget, physical work facilities, and other resources. The second influence is that the work environment provides cues to guide and motivate people. For example, companies install barriers and warning signs in dangerous areas. These workplace features are situational factors that cue employees to avoid the nearby hazards.

> **LO1-6** Summarize the five types of individual behavior in organizations.

TYPES OF INDIVIDUAL BEHAVIOR

The four elements of the MARS model—motivation, ability, role perceptions, and situational factors—affect all voluntary workplace behaviors and performance. There are many varieties of individual behavior, but most can be organized into the five categories described in this section: task performance, organizational citizenship, counterproductive work behaviors, joining and staying with the organization, and maintaining work attendance (Exhibit 1.7).

Task Performance

Task performance refers to the individual's voluntary goal-directed behaviors that contribute to organizational objectives.[86] Most jobs require incumbents to complete several tasks. For example, foreign exchange traders at Morgan Stanley must be able to identify and execute profitable trades, work cooperatively with clients and coworkers, assist in training new staff, and work on special telecommunications equipment without error. All tasks involve working with people, data, things, and ideas.[87] Foreign exchange traders, for instance, mainly work with data (e.g., performing technical analysis of trends), but also with people (e.g., sharing information with coworkers and clients), and ideas (interpreting charts and company reports).

There are three types of task performance: proficient, adaptive, and proactive.[88]

- *Proficient task performance* refers to performing the work efficiently and accurately. It involves accomplishing the assigned work at or above the expected standards of quality, quantity, and other indicators of effectiveness.

- *Adaptive task performance* refers to how well employees modify their thoughts and behavior to align with and support a new or changing work process or work setting. Essentially, adaptive task performance is about how well employees respond to change in the workplace and in their job duties.

- *Proactive task performance* refers to how well employees take the initiative to anticipate and introduce new work patterns that benefit the organization. Proactive behaviors bring about change in oneself, coworkers, and the workplace to achieve what is perceived to be a better future for the organization.

Employees in almost every job are expected to perform their work proficiently. However, adaptive and proactive task performance are also important, particularly when the work is ambiguous or dynamic. These conditions exist when the client's expectations are unclear, resources to perform the work have uncertain availability, and the methods used to perform the work are rapidly evolving due to emerging technology.

Organizational Citizenship

Task performance refers to behaviors engaged in *work content*, whereas **organizational citizenship behaviors (OCBs)** refer to behaviors associated with the *work context*. Specifically, OCBs are various forms of cooperation and helpfulness to others that support the organization's social and psychological context.[89] Some OCBs are directed toward individuals, such as assisting coworkers with their work problems, adjusting your work

Exhibit 1.7 Five Types of Individual Behavior in the Workplace

- Task performance
- Organizational citizenship
- Counter-productive behavior
- Joining/staying with the organization
- Maintaining attendance

Types of individual behavior
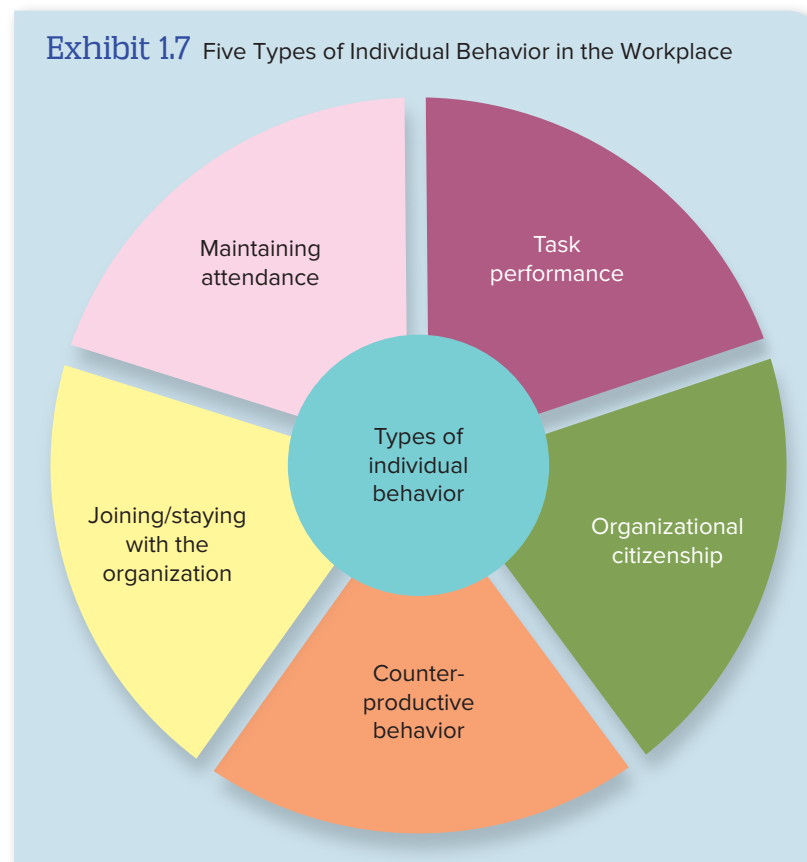
schedules to accommodate coworkers, showing genuine courtesy toward coworkers, and sharing your work resources (supplies, technology, staff) with coworkers. Other OCBs represent cooperation and helpfulness toward the organization, such as supporting the company's public image, offering ideas beyond those required for your own job, attending events that support the organization, and keeping up with new developments in the organization. Some organizational citizenship behaviors are discretionary (employees don't have to perform them), whereas other OCBs are job requirements even if they aren't explicitly stated in job descriptions. In fact, research suggests that managers often evaluate performance by the employee's organizational citizenship behaviors as much as by their task performance.[90]

OCBs can have a significant effect on individual, team, and organizational effectiveness.[91] High-OCB employees receive more support from coworkers, which, in turn, supports their own task performance. OCBs also increase team performance because members depend on one another. However, engaging in OCBs can have negative consequences.[92] OCBs take time and energy away from performing work content, so employees who give more attention to OCBs risk lower career success in companies that reward task performance. Also, employees who frequently perform OCBs tend to have higher work–life conflict because of the amount of time required for these activities.

Counterproductive Work Behaviors

Organizational behavior is interested in all workplace behaviors, including dysfunctional activities collectively known as **counterproductive work behaviors (CWBs).** CWBs are voluntary behaviors that have the potential to directly or indirectly harm the organization or its stakeholders.[93] This concept includes a wide array of intentional and unintentional behaviors, such as harassing coworkers, creating unnecessary conflict, deviating from preferred work methods (e.g., shortcuts that undermine work quality), being untruthful, stealing, sabotaging work, and wasting resources. CWBs are not minor concerns; research suggests that they can substantially undermine the organization's effectiveness.

Joining and Staying with the Organization

Companies suffer and potentially fail if they can't hire and retain enough people with the right skills and knowledge to perform the work.[94] This isn't a hypothetical statement. During times of economic growth, companies have been unable to keep up with demand because they can't hire enough qualified people. The impact of staff shortages on organizational effectiveness is particularly dramatic during crises, such as the coronavirus (COVID-19) pandemic. Governors in states hardest hit by the virus used social media to urgently invite medical staff elsewhere in the United States to help them treat the burgeoning number of patients. Veterans Affairs hospitals were so understaffed that some nurses were handling five intensive care patients rather than usual two patients. VA staff who would normally enter two-week self-isolation when a coworker tested positive for the virus were apparently told to report for work.[95]

Even when companies are able to hire enough qualified staff, they need these employees to stay with the company.[96] Earlier in this chapter, we explained that human capital is the organization's main source of competitive advantage. The importance of human capital is particularly apparent when employees quit. Those who leave remove valuable knowledge, skills, and relationships with coworkers and external stakeholders, all of which take time for new staff to acquire. Other problems with employee turnover are discussed in later chapters, such as its adverse effect on customer service, team development, and corporate culture strength. Employee turnover does offer some benefits, such as opening up positions so new employees with fresh ideas can be hired and removing people with a tendency for counterproductive work behaviors. But overall, turnover usually has a negative effect on organizational effectiveness.

Maintaining Work Attendance

Along with attracting and retaining employees, organizations need everyone to show up for work at scheduled times. Unscheduled absenteeism can lead to increased workloads or overtime among coworkers, lower performance by temporary staff filling the vacant positions, poorer coordination in the work process, poorer customer service, and potentially more workplace accidents.[97]

What are the main causes of absenteeism and lateness?[98] Much absenteeism is due to situational factors, such as personal

task performance the individual's voluntary goal-directed behaviors that contribute to organizational objectives

organizational citizenship behaviors (OCBs) various forms of cooperation and helpfulness to others that support the organization's social and psychological context

counterproductive work behaviors (CWBs) voluntary behaviors that have the potential to directly or indirectly harm the organization

The impact of staff shortages on organizational effectiveness is particularly dramatic during crises, such as the recent coronavirus (COVID-19) pandemic.
Yegor Aleyev/TASS/Getty Images

illness, family demands (e.g., sick children) and bad weather. Other absenteeism occurs because employees need to get away from workplace bullying, difficult customers, boring work, and other stressful conditions. Absenteeism is also higher in organizations with generous sick leave payments. Absenteeism also varies from one employee to the next due to personal values and personality. Finally, studies report that absenteeism is higher in teams with strong absence norms, meaning that team members tolerate and even expect coworkers to take time off.

Although most companies focus on minimizing absenteeism, a more serious behavior may be *presenteeism*—showing up for work when unwell, injured, preoccupied by personal problems, or faced with dangerous conditions getting to work.[99] Employees who show up for work when they should be absent tend to be less productive and may reduce the productivity of coworkers. They may also worsen their own health and spread disease to coworkers. This latter risk of presenteeism had particularly serious consequences during the COVID-19 pandemic. Entire offices and production facilities shut down after just one employee went to work while ill, which quickly spread the virus to dozens or hundreds of other people.

Presenteeism is more common among employees with low job security (such as new and temporary staff), employees who lack sick leave pay or similar financial buffers, and those whose absence would immediately affect many people. Personality characteristics also motivate some people to show up for work when others would gladly recover at home.[100]

THE JOURNEY BEGINS

This chapter introduced you to the field of organizational behavior, described the emerging landscape of organizations, and explained why OB is important for you and for organizations. It also introduced the foundations of individual behavior and performance as well as the main types of individual behavior. But this is only the beginning of our journey. Throughout this volume, we will challenge you to learn new ways of thinking about how people work in and around organizations. We begin this process in Chapter 2 through Chapter 6 by looking at personality, values, and other individual differences that indirectly predict individual behavior through the MARS model.

Study Checklist

Connect® is available for *M Organizational Behavior.* Additional resources include:

✓ Exercises:
  - **Case Analysis:** Apply concepts within the context of a real-world situation.
  - **Click and Drag:** Helps make the connection between theory and application through matching, ranking, or grouping activities.
  - **Video Case:** See management in action through interactive videos.
  - **Self-Assessment:** Designed to promote student self-awareness and reflection, these research-based surveys contain detailed feedback for students.

- **Application-Based Activities:** These highly interactive, application- and analysis-based exercises allow students to take on specific roles to complete management-related tasks within a real-world context.

✓ **SmartBook 2.0**™—Smartbook 2.0 is an adaptive learning solution that provides personalized learning to individual student needs, continually adapts to pinpoint knowledge gaps and focuses learning on concepts requiring additional study. It fosters more productive learning, takes the guesswork out of what to study, and helps students better prepare for class.

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PART 2

2 | Individual Differences: Personality and Values

Learning Objectives

After you read this chapter, you should be able to:

LO2-1   Define personality and discuss how the Big Five personality factors relate to workplace behavior and performance.

LO2-2   Describe the dark triad of personality and the MBTI types and discuss their implications for organizational behavior.

LO2-3   Summarize Schwartz's model of individual values and discuss the conditions where values influence behavior.

LO2-4   Describe four ethical principles and discuss three factors that influence ethical behavior.

LO2-5   Describe five values commonly studied across cultures.

30

Julie Averill's decision to join Lululemon was partly motivated by the opportunity to guide the athletic apparel firm's digital transformation. But the veteran information technology executive also considered the fit between her personal values and Lululemon's culture. "I choose to work with companies that have values that align with my own, and who care about important things in the world," says Averill, who is located in Seattle with Lululemon's technology team. "I get inspired every day by people who live their lives to their values and find their passion along the way."[1]

Julie Averill's psychological attachment to Lululemon illustrates that personal values have a powerful influence on individual attitudes, decisions, and behavior. This chapter takes a close look at personal values as well as personality, which are the two most stable foundations of individual behavior. We begin by describing the meaning of personality and how it is affected by nature and nurture. The five-factor personality model is introduced, followed by an explanation of how each dimension of this highly regarded model relates to job performance and related behaviors. Two other personality models are then discussed: the dark triad (Machiavellianism, narcissism, and psychopathy) and the Jungian personality theory applied by the Myers-Briggs Type Indicator (MBTI). Next, our attention turns to personal values. We describe Schwartz's values circumplex model, explain how personal values influence workplace decisions and behavior, and introduce the concept of values congruence. Later, we examine ethical values and the mechanisms through which they influence a person's decisions and behavior. The final section of this chapter describes the best known cross-cultural values and explains their relevance to organizational behavior.

> **One regrets the loss even of one's worst habits. . . . They are such an essential part of one's personality.**[3]
>
> —Oscar Wilde, author (from *The Picture of Dorian Gray*)

the psychological processes behind those characteristics.[2] In essence, it is the bundle of characteristics that make us similar to or different from other people. We estimate an individual's personality by what he or she says and does, and we infer the person's internal states—including thoughts and emotions—from these observable behaviors.

People engage in a wide range of behaviors in their daily lives, yet close inspection of those actions reveals discernible patterns called *personality traits*.[4] Traits are broad concepts that allow us to label and understand individual differences. For example, some of your friends are probably quite talkative whereas others tend to be quieter. Some people like to take risks whereas others are risk-averse. Each trait implies that there is something within the person, rather than environmental influences alone, that predicts this behavioral tendency. In fact, studies report that an individual's personality traits measured in childhood predict many behaviors and outcomes in adulthood, including educational attainment, employment success, marital relationships, illegal activities, and health-risk behaviors.[5]

Although people have behavioral tendencies, they do not act the same way in all situations. Such consistency would be considered abnormal because it indicates a person's insensitivity to social norms, reward systems, and other external conditions.[6] People vary their behavior to suit the situation, even if the behavior is at odds with their personality. For example, talkative people remain relatively quiet in a library where "no talking" rules are explicit and strictly enforced. But even there, personality differences are apparent because talkative people tend to do more chatting in libraries relative to how much other people talk in that setting.

PERSONALITY AND THE FIVE-FACTOR MODEL IN ORGANIZATIONS

On any given day in almost every workplace, employees will invariably mention either their own or someone else's personality. **Personality** refers to the relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with

What Causes Personality: Nature versus Nurture

Personality is shaped by both nature and nurture, although the relative importance of each continues to be debated and studied.[7] *Nature* refers to our genetic or hereditary origins—the genes

five-factor (Big Five) model (FFM) the five broad dimensions representing most personality traits: conscientiousness, emotional stability, openness to experience, agreeableness, and extraversion

conscientiousness a personality dimension describing people who are organized, dependable, goal-focused, thorough, disciplined, methodical, and industrious

agreeableness a personality dimension describing people who are trusting, helpful, good-natured, considerate, tolerant, selfless, generous, and flexible

neuroticism a personality dimension describing people who tend to be anxious, insecure, self-conscious, depressed, and temperamental

openness to experience a personality dimension describing people who are imaginative, creative, unconventional, curious, nonconforming, autonomous, and aesthetically perceptive

extraversion a personality dimension describing people who are outgoing, talkative, sociable, and assertive

that we inherit from our parents. Studies of identical twins reveal that heredity has a very large effect on personality; up to 50 percent of variation in behavior and 30 percent of temperament preferences can be attributed to a person's genetic characteristics. In other words, genetic code not only determines our eye color, skin tone, and physical shape; it also significantly affects our attitudes, decisions, and behavior.

Personality is also shaped by *nurture*—our socialization, life experiences, and other forms of interaction with the environment. Personality develops and changes mainly from childhood to young adulthood, typically stabilizing by around age 30. However, some personality changes continue to occur later in life. For instance, a few traits (openness to experience, social vitality) increase through to young adulthood, then decline in later years, whereas other traits (agreeableness, conscientiousness) tend to increase through to late life. Our personality can also change somewhat due to the job we work in over a long

time period. Even migrating to another culture can change our personality to some extent.[8]

The main explanation for why personality becomes more stable by adulthood is that we form a clearer and more rigid self-concept. This increasing clarity of "who we are" anchors our behavior with the help of our *executive function.* This is the part of the brain that monitors and regulates goal-directed behavior to keep it consistent with our self-concept. Our self-view becomes clearer and more stable with age, which increases the stability and consistency of our personality and behavior.[9] We discuss the elements and influences of self-concept in Chapter 3. The main point here is that personality is not completely determined by heredity; life experiences, particularly early in life, also shape each individual's personality traits.

Five-Factor Model of Personality

Sociable, anxious, curious, dependable, suspicious, talkative, adventurous, and hundreds of other personality traits have been described over the years, so experts have tried to organize them into smaller clusters. The most researched and respected clustering of personality traits is the **five-factor model**, also known as the *Big Five.*[10] Several decades ago, personality experts identified more than 17,000 words that describe an individual's personality. These words were distilled down to five broad personality factors, each with a cluster of specific traits. Similar results were found in studies of different languages, suggesting that the five-factor model is fairly robust across cultures. These Big Five factors, represented by the handy acronym *CANOE,* are outlined in Exhibit 2.1 and described below.

- **Conscientiousness.** Characterizes people who are organized, dependable, goal-focused, thorough, disciplined, methodical, and industrious. People with low conscientiousness tend to be careless, disorganized, and less thorough.

- **Agreeableness.** Describes people who are trusting, helpful, good-natured, considerate, tolerant, selfless, generous, and flexible. People with low agreeableness tend to be uncooperative and intolerant of others' needs as well as more suspicious and self-focused.

- **Neuroticism.** Refers to people who tend to be anxious, insecure, self-conscious, depressed, and temperamental. In contrast, people with low neuroticism (high emotional stability) are poised, secure, and calm.

- **Openness to experience.** Characterizes people who are imaginative, creative, unconventional, curious, nonconforming, autonomous, and aesthetically perceptive. Those with low scores on this factor tend to be more resistant to change, less open to new ideas, and more conventional and fixed in their ways.

- **Extraversion.** Describes people who are outgoing, talkative, energetic, sociable, and assertive. The opposite is *introversion*, which applies to those who are quiet, cautious, and less interactive with others. Extraverts get their energy from the outer world (people and things around them), whereas introverts get their energy from the internal world, such as personal reflection on concepts and ideas. Introverts do not necessarily lack social skills. Instead, they are more inclined to direct their interests to ideas than to social events. Introverts feel more comfortable being alone than do extraverts.

Studies of identical twins reveal that heredity has a very large effect on personality.
Elnur/Shutterstock

Exhibit 2.1 Five-Factor Model of Personality

Personality factor	People with higher scores on this factor tend to be more:
Conscientiousness	Organized, dependable, goal-focused, thorough, disciplined, methodical, industrious
Agreeableness	Trusting, helpful, good-natured, considerate, tolerant, selfless, generous, flexible
Neuroticism	Anxious, insecure, self-conscious, depressed, temperamental
Openness to experience	Imaginative, creative, unconventional, curious, nonconforming, autonomous, perceptive
Extraversion	Outgoing, talkative, energetic, sociable, assertive

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SELF-ASSESSMENT 2.1: What is Your Big Five Personality?

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SELF-ASSESSMENT 2.2: Are You Introverted or Extraverted?

Five-Factor Model and Work Performance Personality mainly affects behavior and performance through motivation, specifically by influencing the individual's choice of goals (direction) as well as intensity and persistence of effort toward those goals. Consequently, all of the Big Five factors predict one or more types of employee behavior and performance to some extent.

Exhibit 2.2 highlights which Big Five personality factors best predict the three types of task performance as well as organizational citizenship and counterproductive work behaviors (see Chapter 1).[11] Conscientiousness stands out as the best overall personality predictor of proficient task performance for most jobs. The specific conscientiousness traits of industriousness (achievement, self-discipline, purposefulness) and dutifulness are the best predictors of proficient task performance. Conscientious employees set higher personal goals for themselves and are more persistent. They also engage in more organizational citizenship and in less counterproductive work behavior. Conscientiousness is a weak predictor of adaptive (responding to

change) and proactive performance (taking initiative toward new work patterns). In fact, two specific conscientiousness traits—orderliness and dependability—tend to suppress adaptivity.

Extraversion is the second best overall personality predictor of proficient task performance but is a much weaker predictor than is conscientiousness. Among the specific traits within the extraversion factor, assertiveness and positive emotionality are the strongest predictors of proficient task performance. Assertiveness is also a strong predictor of adaptive and proactive performance. Assertive employees tend to have a "take charge" approach to situations, which is consistent with adapting to change and proactively initiating change. Extraversion is associated with influencing others and being comfortable in social settings, which (along with being assertive) explains why effective leaders and salespeople tend to be somewhat more extraverted than the general population.

Agreeableness is positively associated with organizational citizenship and negatively associated with counterproductive work behaviors.[12] The reason is that employees with high agreeableness are motivated to be cooperative, sensitive, flexible, and supportive. Agreeableness does not predict proficient or proactive task performance very well, mainly because it is associated with lower motivation to set goals and achieve results. However, employees with higher (but not too high) agreeableness tend to improve team performance through better knowledge sharing and motivation to help the team. Agreeableness also has a positive effect on friendliness behavior in customer service jobs.[13]

Openness to experience is a weak predictor of proficient task performance, but it is one of the best personality predictors of adaptive and proactive performance. The main reason is that employees with higher openness scores have more curiosity, imagination, and tolerance of change.[14] These traits also explain why openness to change is associated with successful performance in creative work.

Emotional stability (low neuroticism) is one of the best personality predictors of adaptive performance.[15] The main explanation is that employees with higher emotional stability cope better with the ambiguity and uncertainty of change. In contrast, those with higher neuroticism view change as a threat, so they tend to avoid change and experience more stress when faced with workplace adjustments. These characteristics would

Exhibit 2.2 Big Five Personality and Work Performance

Type of Performance	Proficient task performance	Adaptive task performance	Proactive task performance
Relevant Personality Factors	• Conscientiousness • Extraversion	• Emotional stability • Extraversion (assertiveness) • Openness to experience	• Extraversion (assertiveness) • Openness to experience

Type of Performance	Organizational citizenship	Counterproductive work behaviors
Relevant Personality Factors	• Conscientiousness • Agreeableness	• Conscientiousness* • Agreeableness*

*Negative relationship.

(Top-left): Ildar Galeev/Shutterstock; *(Top-center):* Fred Ho Yeow Hui/Shutterstock; *(Top-right):* malika.1028/Shutterstock; *(Bottom-left):* Aha-Soft/Shutterstock; *(Bottom-right):* Sign N Symbol Production/Shutterstock

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SELF-ASSESSMENT 2.3: Can You Identify Personality Traits from Blogging Words?

suggest that emotional stability also predicts proactive performance, but the limited research has reported mixed results.

Caveats When Applying the Five-Factor Model The five-factor model of personality is well established, but there is a tendency for people to make false assumptions about it. First, the "perfect employee" isn't the individual with the highest scores on all of the Big Five personality factors. This false assumption likely exists because the labels and structure of the Big Five factors have a strong linear bias (high is good, low is bad). But research

> Some behaviors are predicted better by a specific personality trait than by the overall Big Five factor for that trait.

indicates that the relationship between some Big Five factors and performance is nonlinear. For instance, employees with moderate extraversion perform better in sales jobs than those with high or low extraversion.[16]

Second, some behaviors are predicted better by a specific personality trait than by the overall Big Five factor for that trait. For example, the specific extraversion traits of assertiveness and positive emotionality predict proficient task performance better than the overall extraversion factor.

Third, personality isn't completely static. As we explained earlier, an individual's personality does stabilize around age 30, but some Big Five factors tend to increase or decrease as we age. Some personality factors also change over a long time when our environment significantly changes.

Fourth, although the five-factor model captures a large portion of the domain we call *personality*, it doesn't

dark triad a cluster of three socially undesirable (dark) personality traits: Machiavellianism, narcissism, and psychopathy

Machiavellianism a personality trait of people who demonstrate a strong motivation to achieve their own goals at the expense of others, who believe that deceit is a natural and acceptable way to achieve their goals, who take pleasure in outwitting and misleading others using crude influence tactics, and who have a cynical disregard for morality

narcissism a personality trait of people with a grandiose, obsessive belief in their superiority and entitlement, a propensity to aggressively engage in attention-seeking behaviors, an intense envy of others, and tendency to exhibit arrogance, callousness, and exploitation of others for personal aggrandizement

psychopathy a personality trait of people who ruthlessly dominate and manipulate others without empathy or any feelings of remorse or anxiety, use superficial charm, yet are social predators who engage in antisocial, impulsive, and often fraudulent thrill-seeking behavior

represent all of it.[17] There are several perspectives or approaches to personality, each of which has a somewhat different view or emphasis. For example, the next section of this chapter looks at two other models of personality that only partially overlap with the Big Five factors.

LO2-2 Describe the dark triad of personality and the MBTI types and discuss their implications for organizational behavior.

# OTHER PERSONALITY CONCEPTS: THE DARK TRIAD AND MBTI TYPES

The Dark Triad

When personality experts developed the five-factor model, they deliberately excluded words with noticeably positive or negative valence, such as *humble* (positive) or *sinister* (negative). More recently, researchers re-examined the emotionally charged words that were previously excluded. Out of these studies has emerged a cluster of three socially undesirable personality traits—Machiavellianism, narcissism, and psychopathy—called the **dark triad**.[18] Although these traits are distinct, they have a common "dark core" consisting of either low humility/honesty or a tendency to malevolently undermine others to maximize one's own gains.[19]

- **Machiavellianism.** People with high Machiavellianism (*high-Machs*) demonstrate a strong motivation to get what they want at the expense of others. They believe that deceit is a natural and acceptable way to achieve their goals; indeed, they take pleasure in misleading, outwitting, and otherwise controlling others. High-Machs routinely use lies, manipulation, exploitation, and other undesirable influence tactics (see Chapter 9). They have a cynical disregard for moral principles, believe that getting more than one deserves is acceptable, and seldom empathize with or trust coworkers.[20]

- **Narcissism.** Often called grandiose narcissism, this personality trait is evident in people who have an obsessive belief in their superiority and

entitlement. Due to their excessive need for attention, narcissists aggressively engage in self-promotion, exhibitionism, and other attention-seeking behaviors. They can be initially charming, but are intensely envious of others. This envy is eventually manifest in the form of arrogance, schadenfreude (deriving pleasure from another person's misfortune), callous disregard for others' feelings (i.e., low empathy), and exploitation of others for personal aggrandizement.[21]

- **Psychopathy.** Considered the most sinister personality trait in the dark triad, psychopathy refers to social predators who ruthlessly dominate and manipulate others, yet without empathy or any feelings of remorse or anxiety. They are selfish self-promoters who use superficial charm (called the "mask" of psychopathy), yet engage in antisocial, impulsive, and often fraudulent thrill-seeking behavior. These people callously do as they please and take what they want.[22]

The Dark Triad in the Workplace Machiavellianism, narcissism, and psychopathy may seem like they belong in textbooks on criminology or medieval politics, not organizational behavior. Yet these traits are gaining attention because they are prevalent throughout the workplace. As one personality researcher warned in his keynote address to a national police association: "Not all psychopaths are in prison. Some are in the board room."[23]
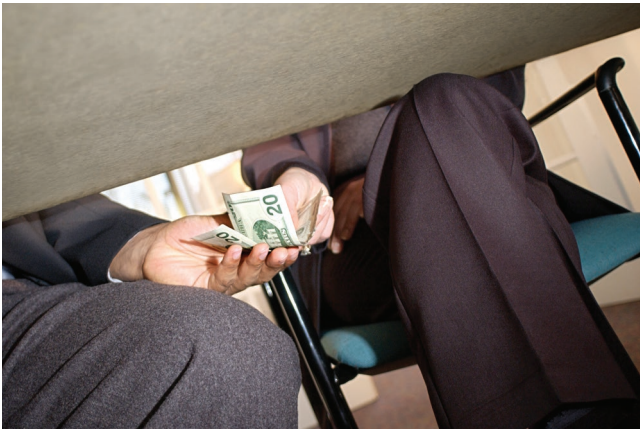
People with dark triad personality traits are more likely to engage in white-collar crime, workplace bullying, and riskier decisions with poorer investment returns.
Thinkstock Images/Comstock Images/Getty Images

counterproductive work behaviors (CWBs) voluntary behaviors that have the potential to directly or indirectly harm the organization

organizational politics the use of influence tactics for personal gain at the perceived expense of others and the organization

Myers–Briggs Type Indicator (MBTI) an instrument designed to measure the elements of Jungian personality theory, particularly preferences regarding perceiving and judging information

have a manipulative political skill, which some supervisors rate favorably in employee performance. Being manipulative also occasionally helps employees move into more powerful positions in informal employee networks. Narcissistic CEOs tend to have higher direct pay as well as a larger gap in pay from other members of the executive team.[28]

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SELF-ASSESSMENT 2.4: How Machiavellian are You?

The dark triad traits are strongly associated with serious white-collar crime behavior. For instance, one study reported that a dark triad measure from video analysis was highly effective at identifying chief executive officers who were implicated in unethical misconduct and fraud.[24] People with dark triad personality traits are more likely to engage in bullying and other forms of workplace aggression.[25] They also tend to make decisions that produce poorer absolute and risk-adjusted investment returns. In particular, those with high psychopathy take excessive risks, due to their overconfidence and disregard for consequences.[26] The dark triad predicts **counterproductive work behaviors**, but not as well as do the specific Big Five factors of low agreeableness and conscientiousness.

Dishonesty is a core characteristic of the dark triad, so people with these traits are more likely to lie and deceive others at work. Similarly, they malevolently undermine others to maximize their own gains. This is the essence of **organizational politics** (see Chapter 9), which is about using influence tactics for personal gain at the expense of others and the interests of the entire organization. Political tactics produce a host of dysfunctional outcomes, ranging from employee stress and dissatisfaction to unproductive use of organizational resources. People with dark triad personality traits are dysfunctional team members in the long term because, by definition, they don't trust coworkers and focus on their own goals at the expense of team goals.[27] At the same time, they are known to help others in the short run when it serves their self-interest.

People who possess dark triad personality traits aren't always worse off. They

Jungian Personality Theory and the Myers–Briggs Type Indicator

The five-factor model of personality has the most research support, but it is not the most popular personality test in practice. That distinction goes to Jungian personality theory, which is measured through the **Myers–Briggs Type Indicator (MBTI)** (see Exhibit 2.3).

Nearly a century ago, Swiss psychiatrist Carl Jung suggested that personality is mainly represented by the individual's preferences regarding perceiving and judging information.[29] Jung explained that the perceiving function—how people prefer to gather information—occurs through two competing orientations: *sensing (S)* and *intuition (N)*. Sensing involves perceiving

Exhibit 2.3 Jungian and Myers–Briggs Type Indicator Types

Extraversion (E)
• Talkative
• Externally focused
• Assertive

Getting energy

Introversion (I)
• Quiet
• Internally focused
• Abstract

Sensing (S)
• Concrete
• Realistic
• Practical

Perceiving information

Intuitive (N)
• Imaginative
• Future-focused
• Abstract

Thinking (T)
• Logical
• Objective
• Impersonal

Making decisions

Feeling (F)
• Empathetic
• Caring
• Emotion-focused

Judging (J)
• Organized
• Schedule-oriented
• Closure-focused

Orienting to the external world

Perceiving (P)
• Spontaneous
• Adaptable
• Opportunity-focused

Sources: Adapted from an exhibit found at http://www.16-personality-types.com. Based on data from CPP, Inc., Sunnyvale, CA 94086 from *Introduction to Type and Careers* by Allen L. Hammer.

The MBTI should not be used for employment selection and promotion decisions, but it may be helpful in career counseling and executive coaching.
Trinette Reed/Blend Images LLC

information directly through the five senses; it relies on an organized structure to acquire factual and preferably quantitative details. In contrast, intuition relies more on insight and subjective experience to see relationships among variables. Sensing types focus on the here and now, whereas intuitive types focus more on future possibilities.

Jung also proposed that the judging function—how people prefer making decisions based on what they have perceived—consists of two competing processes: *thinking (T)* and *feeling (F)*. People with a thinking orientation rely on rational cause–effect logic and systematic data collection to make decisions. Those with a strong feeling orientation, on the other hand, give more weight to their emotional responses to the options presented, as well as to how those choices affect others. Jung noted that in addition to the four core processes of sensing, intuition, thinking, and feeling, people differ in their level of extraversion–introversion, which was introduced earlier as one of the Big Five personality traits.

The MBTI extends Jung's list of personality traits described above by also measuring Jung's broader categories of

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SELF-ASSESSMENT 2.5: Are You a Sensing or Intuitive Type?

perceiving and *judging*, which represent a person's attitude toward the external world. People with a perceiving orientation are open, curious, and flexible. They like to keep their options open and to adapt spontaneously to events as they unfold. Judging types prefer order and structure and want to resolve problems quickly.

MBTI has a number of benefits, but it is usually a poor predictor of job performance and should be avoided for employment selection and promotion decisions.[30] There are also issues with its measurement. MBTI can potentially identify employees who prefer face-to-face versus virtual teamwork, but it does not seem to predict how well a team develops. It also has questionable value in predicting leadership effectiveness.

In spite of these limitations, the MBTI is the most widely studied measure of cognitive style in management research and may be helpful in career counseling and executive coaching (where it is the most popular personality assessment).[31] It is even being used by artificial intelligence engineers to adapt the behavior of robots to user preferences. MBTI takes a neutral or balanced approach by recognizing both the strengths and limitations of each personality type in different situations. In contrast, the five-factor model views people with higher scores as better than those with lower scores on each dimension. As such, the Big Five model may have adopted a restrictive view of personality that is more difficult to apply in coaching and development settings.[32]

values relatively stable, evaluative beliefs that guide a person's preferences for outcomes or courses of action in a variety of situations

LO2-3 Summarize Schwartz's model of individual values and discuss the conditions where values influence behavior.

VALUES IN THE WORKPLACE

Liam (not his real name) felt uncomfortable working in his previous project team at a consumer goods company. His coworkers were friendly and knowledgeable, but their views about customers and getting ahead in the company were irritating. Most of the other team members discussed new products as money makers without much thought to whether they actually satisfied customer needs. Conversations about getting ahead in the company focused on networking rather than achieving objectives. At one point, Liam felt so uncomfortable with the views of other team members that he began looking for a job at another company. Fortunately, he was transferred to a new project where most colleagues held values that were similar to his own.

Most of us have experienced situations similar to what Liam went through, where the values expressed by others clash with our own personal values. **Values**, a concept that we introduced in Chapter 1,

Personal values serve as a moral compass; they influence our motivation and potentially our decisions and actions in various situations.
Colin Anderson/Blend Images LLC

are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations.[33] They are perceptions about what is good or bad, right or wrong. They tell us to what we "ought" to do. Personal values serve as a moral compass; they influence our motivation and potentially our decisions and actions in various situations. They also provide justification for past decisions and behavior.

People arrange values into a hierarchy of preferences, called a *value system* (or, more correctly, a *values system*). Some individuals value new challenges more than they value conformity. Others value generosity more than frugality. Each person's unique value system is developed and reinforced through socialization from parents, religious institutions, friends, personal experiences, and the society in which he or she lives. As such, a person's hierarchy of values is stable and long-lasting. For example, one study found that a sample of adolescents had values systems that were remarkably similar 20 years later as adults.[34]

Values exist only within individuals—we call them *personal values*. However, groups of people might hold the same or similar values, so we tend to ascribe these *shared values* to the team, department, organization, profession, or entire society. The values shared by people throughout an organization (*organizational values*) receive fuller discussion in Chapter 13 because they are a central component of organizational culture.

The values shared across a society (*cultural values*) receive attention in the last section of this chapter.

Values and personality traits are related to each other, but the two concepts differ in a few ways.[35] The most noticeable distinction is that values are evaluative (they tell us what we *ought* to do) whereas personality traits describe what we naturally *tend* to do. A second distinction is that personality traits have minimal conflict with each other—you can have high agreeableness and high introversion, for example—whereas some values are opposed to other values. This opposing effect means that someone who values excitement and challenge would have difficulty also valuing stability and moderation. Third, although personality and values are both partly determined by heredity, values are influenced more by socialization whereas heredity has a stronger influence on an individual's personality traits.

Types of Values

Values come in many forms, and experts on this topic have conducted considerable research on organizing them into clusters. By far, the most widely accepted model of personal values is Schwartz's values circumplex, developed and tested by social psychologist Shalom Schwartz and his colleagues.[36] This model clusters 57 values into 10 broad categories that are organized into the circular model (circumplex) shown in Exhibit 2.4. The

Exhibit 2.4 Schwartz's Values Circumplex
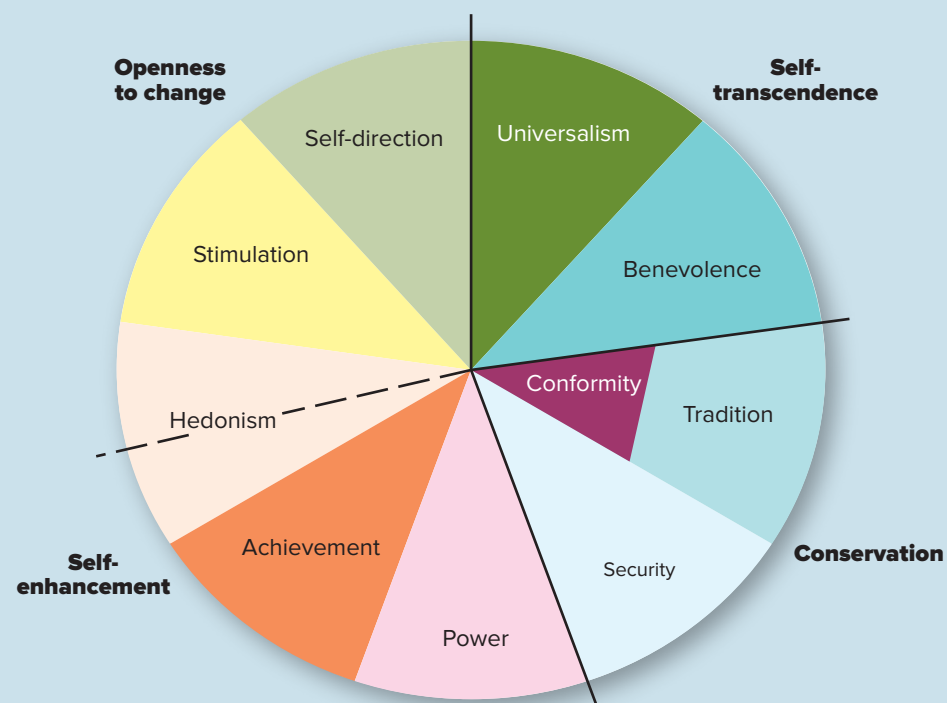
Sources: S.H. Schwartz, "Universals in the Content and Structure of Values: Theoretical Advances and Empirical Tests in 20 Countries," *Advances in Experimental Social Psychology* 25 (1992): 1–65; S.H. Schwartz and K. Boehnke, "Evaluating the Structure of Human Values with Confirmatory Factor Analysis," *Journal of Research in Personality* 38, no. 3 (2004): 230–55; Academic Rss. Inc.

10 categories include universalism, benevolence, tradition, conformity, security, power, achievement, hedonism, stimulation, and self-direction. Each category is a cluster of several specific values (not shown in the exhibit). For example, conformity includes the values of politeness, honoring parents, self-discipline, and obedience.

The 10 broad values categories are further clustered into four quadrants. One quadrant, called *openness to change*, refers to the extent to which a person is motivated to pursue innovative ways. It includes the values categories of self-direction (creativity, independent thought), stimulation (excitement and challenge), and hedonism (pursuit of pleasure, enjoyment, gratification of desires). The opposing quadrant is *conservation*, which is the extent to which a person is motivated to preserve the status quo. The conservation quadrant includes the value categories of conformity (adherence to social norms and expectations), security (safety and stability), and tradition (moderation and preservation of the status quo).

The third quadrant in Schwartz's circumplex model, called *self-enhancement*, refers to how much a person is motivated by self-interest. This quadrant includes the values categories of achievement (pursuit of personal success), power (dominance over others), and hedonism (a values category shared with openness to change). The opposite of self-enhancement is *self-transcendence*, which refers to motivation to promote the welfare of others and nature. Self-transcendence includes the values categories of benevolence (concern for others in one's life) and universalism (concern for the welfare of all people and nature).

> "The more choices you have, the more your values matter.[38]
>
> —Michael Schrage,
> **MIT Research Fellow and author**

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SELF-ASSESSMENT 2.6: What Are Your Dominant Values?

Values and Individual Behavior

Personal values influence decisions and behavior in at least three ways.[37]

- *Values influence the attractiveness of choices*. Our decisions are guided by personal values because those values generate positive or negative feelings (valences) toward the available choices. We experience more positive feelings toward choices that are aligned with our values and negative feelings toward alternatives that are contrary to our values. If stimulation is at the top of your values hierarchy, for instance, then jobs that offer new experiences will appeal to you more than jobs that have predictable and stable tasks.

- *Values frame our perceptions of reality*. We are constantly bombarded with stimuli from our surroundings. Personal values influence whether we notice something as well as how we interpret it (see Chapter 3). Our decisions and actions are affected by how we perceive those situations.

- *Values help regulate the consistency of behavior*. People are motivated to act consistently with their personal values and other aspects of their self-concept. If achievement is a key feature of your self-view and public image, then you are motivated to act in ways that are consistent with that value. The more clearly a behavior is aligned with a specific value that identifies us, the more motivated we are to engage in that behavior.

Personal values motivate behavior to some extent, but this connection isn't as strong as we might like to believe.[39] One reason for this "disconnect" between personal values and individual behavior is the situation. Personal values motivate us to engage in specific behavior, but the MARS model points out that the situation can prevent us from engaging in values-consistent behavior. For example, individuals with strong self-transcendent values are motivated to engage in recycling and other environmentally friendly behaviors, but lack of recycling facilities prevents or severely limits this behavior. A second reason an individual's behavior deviates from personal values is the presence of strong counter-motivational forces. Employees caught in illegal business dealings sometimes attribute their unethical activities to pressure from management to achieve their performance target at any cost.

A third reason why our personal values are sometimes inconsistent with our decisions and behavior is that we don't actively think about our values much of the time.[40] Values are abstract concepts, so their relevance is not obvious in many situations. Furthermore, many daily decisions and actions occur routinely, so we don't actively evaluate their consistency with our values. We do consciously consider our values in some situations, of course, such as realizing how much we value security when deciding whether to perform a risky task. However, many daily events do not trigger values awareness, so we act without their guidance. We literally need to be reminded of our values so they can guide our decisions and actions.

The effect of values awareness on behavior was apparent in a study in which students were given a math test and received a payment for each correct answer.[41] One group couldn't lie about their results because they submitted their results to the experimenter for scoring. A second group could lie because they scored the test themselves and told the experimenter their test score. A third group was similar to the second (they scored their own test), but that test included the following statement, and students were required to sign their name below that statement: "I understand that this short survey falls under (the university's) honor system." The researchers estimated that some students cheated when they scored their own test without the "honor system" statement, whereas no one given the "honor system" form lied about the results. The university didn't actually have an honor system, but the message made students pay attention to their honesty. In short, people are more likely to apply their values (honesty, in this case) when they are explicitly reminded of those values and see their relevance to the situation.

The Value of Personal Values at Work[42]

55% of 7,700 Millennials in 29 countries say their personal values/morals have a high degree of influence on their decision making at work.

73% of 5,113 working adults in the United States, France, Germany, and the UK say they would not apply to a company unless its values align with their own personal values.

68% of 181,009 Canadian federal government employees somewhat or strongly agree that their department or agency does a good job of promoting values and ethics in the workplace.

70% of 7,700 Millennials in 29 countries believe their personal values are shared by the organizations they work for.

18% of 600 corporate board directors in Australia identify "values" (leaders and employees aligned with company values) as the most important measure of the company's long-term value (2nd most important factor, following customer satisfaction/loyalty).

(Photo): mattjeacock/Getty Images

Values Congruence

Values tell us what is right or wrong and what we ought to do. This evaluative characteristic affects how comfortable we are with specific organizations and individuals. The key concept here is *values congruence*, which refers to how similar a person's values hierarchy is to the values hierarchy of another entity, such as the employee's team or organization. When personal values are congruent with the organization's values, employees tend to have higher job satisfaction, loyalty, and organizational citizenship. They also have less stress and turnover. Furthermore, employees are more likely to make decisions that are compatible with organizational expectations when their personal values are congruent with the organization's shared values.[43]

Are organizations the most successful when every employee's personal values align with the company's values? Not at all! While a large degree of values congruence is necessary for the reasons just noted, organizations also benefit from some level of incongruence. Employees with diverse values offer different perspectives, which potentially lead to better decision making. Also, too much congruence can create a "corporate cult" that potentially undermines creativity, organizational flexibility, and business ethics (see Chapter 13).

OB THEORY TO PRACTICE

"Your Values Are More Important Than Your CV" at IKEA[44]

IKEA describes itself as a values-driven company, so job applicants need to reflect on whether their personal values are congruent with the global retailer's organizational values. "We recruit by values," explains Anna Carin Månsson, Country HR Manager, IKEA India. "We like to understand personal values of a candidate and how these come out in typical behavior in everyday life."

Månsson's team pays attention to whether job applicants have really considered values congruence. "When recruiting for IKEA, it is attractive to recognize that the applicant has read up about the company and managed to describe the connection—i.e., what are the values they have as a person which makes them the perfect fit for working with the organization."

D'neale Prosser echoes Månsson's views. "Your values are more important than your CV," says the national talent manager at IKEA Australia. Prosser adds that the importance of values congruence extends beyond getting hired at IKEA. It is central to a person's success and happiness in life. "Find an organization that connects with your personal values and allows you to be yourself at work," advises Prosser. "This will add value and meaning to your everyday life."

LO2-4 Describe four ethical principles and discuss three factors that influence ethical behavior.

ETHICAL VALUES AND BEHAVIOR

When 195 business leaders across 15 countries were asked to identify the most important leader attributes, "high ethics and moral standards" was the top-rated item from the list of 74 items. Similarly, when 1,000 CEOs and other top-level executives around the world were asked to list the most important characteristics of effective leaders, the most frequently mentioned characteristic was *integrity*—the leader's ethical standards.[45] These surveys reveal the importance of ethics in the workplace. *Ethics* refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad (see Chapter 1). People rely on their ethical values to determine "the right thing to do."

Four Ethical Principles

Most ethical issues are associated with four ethical principles: utilitarianism, individual rights, distributive justice, and the ethic of care.[46] Your personal values might sway you more toward one principle than the others, but all four should be actively considered to put important ethical issues to the test.

- *Utilitarianism.* This principle says the only moral obligation is to seek the greatest good for the greatest number of people. It advocates choosing the option that produces the highest satisfaction to those affected. One problem is that utilitarianism requires a cost–benefit analysis, yet many outcomes aren't measurable. Another problem is that utilitarianism focuses only on outcomes, whereas the means of achieving those outcomes may be considered unethical by other principles.

- *Individual rights.* This principle says that everyone has the same set of natural rights, such as freedom of speech, freedom of movement, right to physical security, and right to fair trial. The individual rights principle includes human rights that are considered a moral norm of society. One problem with this principle is that some individual rights may conflict with others. The right of stockholders to be informed about corporate activities may ultimately conflict with an executive's right to privacy, for example.

- *Distributive justice.* This principle says that the benefits and burdens of similar individuals should be the same; otherwise they should be proportional. For example, employees who contribute equally in their work should receive similar rewards, whereas those who make a lesser contribution should receive less. A variation of this principle says that inequalities are acceptable when they benefit the least well off in society. The main problem with the distributive justice principle is that it is difficult to agree on who is "similar" and what factors are "relevant." We discuss distributive justice further in Chapter 5.

- *Ethic of care.* This principle states that everyone has a moral obligation to help others within their relational sphere to grow and self-actualize.[47] Thus, caring for others is a fundamental characteristic of humanity and an ethical virtue. Ethic of care includes being attentive to others' needs, using one's abilities to give care to others, and being responsive to (having empathy for) the person receiving care. This principle is found in writing about how organizations should serve stakeholders and how leaders should serve employees (see servant leadership in Chapter 11).[48]

moral intensity the degree to which an issue demands the application of ethical principles

moral sensitivity a person's ability to recognize the presence of an ethical issue and determine its relative importance

Moral Intensity, Moral Sensitivity, and Situational Influences

Along with ethical principles and their underlying values, three other factors influence ethical conduct in the workplace: the moral intensity of the issue, the individual's moral sensitivity, and situational influences.[49]

Moral Intensity Moral intensity is the degree to which an issue demands the application of ethical principles. The higher the moral intensity of an issue, the more the decision maker needs to carefully apply ethical principles to make the best choice. The moral intensity of an issue is essentially about (1) how seriously (good or bad) people will be affected by the decision, (2) the probability that those good or bad outcomes will

> ## It takes many good deeds to build a good reputation and only one bad one to lose it.
> —Attributed to Benjamin Franklin

Ethic of care includes being attentive to others' needs, giving care to others, and being responsive to (having empathy for) the person receiving care.
Rawpixel.com/Shutterstock

occur, and (3) how many people will be affected.[50] This is a variation of the classic expectancy-valence decision model that is applied in many organizational behavior concepts, including attitudes (Chapter 4), employee motivation (Chapter 5), and rational choice decision making (Chapter 6).

Moral Sensitivity Moral sensitivity (also called *ethical sensitivity*) is a person's ability to detect a moral dilemma and estimate its relative importance.[51] People with high moral sensitivity can more quickly and accurately estimate the moral intensity of the issue. This awareness does not necessarily translate into more ethical behavior; it just means that people with higher moral sensitivity are more likely to know when unethical behavior occurs.