

# Chapter 4

## Attitudes, Values, and Culture: The Manager as a Person

### Learning Outcomes

After studying this chapter, engaging in classroom activity, and completing assignments, you will have three levels of understanding of the concepts presented in the chapter.

#### Vocabulary (using the terminology)

- Describe the various personality traits that affect how managers think, feel, and behave.
- Explain what values, attitudes, moods, and emotions are.
- Identify the characteristics of organizational culture.

#### Knowledge (knowing how the concepts work)

- Identify the impact that personality traits, values, attitudes, moods, emotions, and culture have on operations in terms of relationships between managers and others.

#### Application (understanding when and where to use the concept)

- Develop an understanding of how to use personality traits, values, attitudes, moods, emotions, and culture to create a high-performance organization

# A Manager's Challenge



## Clearnet's Family Secret

Founders of organizations sometimes create a well-defined set of values that become the foundation of the philosophy of the way in which the organization will be run. In some cases these philosophies are based on personal beliefs and behaviours that senior executives and founders of organizations bring in to the company and hold in such high regard that they build rules of conduct that employees must adhere to, all based on the personal values and beliefs of the founder.

**This is indicated in the following manager's challenge.**

Bob Simmonds arrives late to the meeting with his two younger brothers, Don and Gord, and sinks into one of the high-backed leather chairs at the circular table in the middle of the small, softly lit boardroom. It is a room steeped in the history of their private, family-controlled company, Lenbrook Inc., based in suburban Pickering, Ontario, on the eastern edge of the Greater Toronto Area. A trophy case on one wall displays mementos of the company's 22 years of success in electronics there is a best-selling stereo receiver and, on another wall, are large portraits of the bro-



A strong moral code at all levels of the organization has contributed to Clearnet's success.

ers' grandfather, A. C. Simmonds, and of David Simmonds, their 72-year-old father and Lenbrook's semi-retired president and chairman. At 46, and the next generation's eldest by a year, Bob apologizes for interrupting and tosses onto the polished oak surface a business card carrying the title that most people associate with his name: chairman of Clearnet Communications Inc. "This could be a rare commodity," he jokes.

No kidding. That's because 10 days earlier, it became clear that Bob wouldn't hold that title

much longer. On Aug. 21, Telus Corp. announced that it was acquiring Clearnet—a cell phone services company that began 16 years ago as nothing more than a bold idea of his father's—for a whopping \$6.6 billion. Billed as the largest telecom acquisition ever in Canada, it's a blockbuster deal that will launch Telus onto the national stage and into direct competition with other cellular carriers such as Rogers AT&T Wireless and Bell Mobility. For the Simmonds family and Lenbrook, which still holds about 60% voting control of Clearnet shares but 3% of financial equity, the deal—expected to be approved by shareholders in October—will be worth more than \$140 million in an undisclosed combination of cash and Telus shares. That's hardly chump change, but it doesn't faze the three brothers. After all, to them, making money is nothing new.

In fact, Clearnet is only the most public manifestation of the electronics and wireless dynasty that the intensely private and religious Simmonds family has quietly built. Lenbrook's historical core business is distributing electronics such as two-way radios and high-end consumer audio/video equipment. Acting as a middleman to find places to sell electronics products might not sound sexy, but it has given Lenbrook an ideal perspective for spotting opportunities like Clearnet early on. Strong existing relationships with product manufacturers have given the company access to new technologies—and the ability to sense emerging markets. “The underlying product flow through the distribution business becomes a baseline to all the other things that we grow,” says Don. In other words, the Lenbrook secret is to make connections—and capitalize on them.

Today, Lenbrook is expanding its electronics channel distribution business to the US and the UK, as well as throughout Canada; it owns two high-end stereo equipment brands, PSB Loudspeakers and NAD Electronics, which are distributed in some 50 countries around the world. Lenbrook is also developing a new business in home networking products, a project that 39-year-old Gord is heading up. Meanwhile, Don, 45, is entrenched in a wireless data venture, AirIQ Inc., which holds perhaps the most promise to become Lenbrook's next Clearnet-like success.

As involved as Simmonds family members are in Lenbrook, the real key to the company's success lies in its management philosophy of not keeping business in the family. As soon as possible, new ventures get separate management organizations,

which then partner with other companies, either inside or outside Lenbrook—a tradition that father David started and that the three brothers are carrying on. “If we believe in a new business concept,” says Don, “we incubate it, but very rapidly move it out to where it has an independent growth path.” It's one reason why they don't like to consider Lenbrook a family business at all. “Family business,” Don says, “connotes something that could have limitations.”

There is no question that the close-knit Simmonds family and its values have made a defining imprint on Lenbrook. At the head of both the family and the company since its founding has been David Simmonds, the three brothers' father. But while he is still officially chairman and president of Lenbrook, David is now trying to slip into the background as much as possible (and was not available to be interviewed). “He would call himself semi-retired--a very active semi-retired,” says Gord. “He's still our inspirational leader, and incredibly sharp at piecing parts of the business together.”

One legacy he's already left his sons—and other entrepreneurs—is a closely detailed account of the first 20 years of Lenbrook, in a self-published three-volume set of books that clearly lays out the roots and values of the company. A devout Baptist, David sprinkles his prose with biblical quotations and open praise for God. He even titled the first volume, published in 1987 to commemorate Lenbrook's 10th anniversary, *Turn Aside and See...*, after the passage in the Old Testament where Moses witnesses the miracle of the burning bush that is not consumed. “It is fair to say that establishing Lenbrook through the 1980s has been somewhat of a business miracle!” he writes in the book's foreword. “Acknowledging the Hand of God upon us is absolutely fundamental to the record.”

The Simmonds' strong moral code led to a Lenbrook-wide policy of no smoking on company property, no drinking in connection with any business events, and no corporate activity on Sunday—policies that still exist today. But the value that most clearly stands out is family. The brothers remain close and still live within 20 minutes of each other, their three sisters, and their parents; the family gets together frequently, despite increasingly busy schedules. The brothers also maintain their own active family lives: Each has four children younger than 18.<sup>1</sup> •

**Overview** Like people everywhere, managers have their own distinctive personalities, ways of viewing things, personal challenges and disappointments, and shortcomings. In this chapter, we focus on the manager as a feeling, thinking human being. We start by describing enduring characteristics that influence how managers “manage,” as well as how they view other people, their organizations, and the world around them. We discuss as well how managers’ values, attitudes, and moods play out in organizations, shaping organizational ethics and culture. By the end of this chapter, you will have a good appreciation of how the personal characteristics of managers influence the process of management in general, and organizational ethics and culture in particular.

This chapter follows a logical progression of understanding the manager as a person. We begin with some definitions of a person’s personality traits. These are normally characteristics that have been developed over a long period of time and are difficult to change. We then move to a study of organizational culture, which defines characteristics that come from the organization itself. The chapter closes with a study of how organizations develop their culture to bring individuals onside with organizational goals and behaviours.

We have chosen to group individual personality characteristics with organizational culture because we see a very close relationship between what people do as individuals and what people are expected to do as a group or organization. Organizational culture is certainly an issue that has implications in all aspects of management, and, therefore, a study of culture could be included with any chapter of this book. The concept of culture is introduced here so that it will become a building block that you can refer to in the rest of your study of management.

**Enduring Characteristics: Personality Traits** All people, including managers, have certain enduring characteristics that influence how they think, feel, and behave both on and off the job. These characteristics are **personality traits**, particular tendencies to feel, think, and act in certain ways that can be used to describe the personalities of all individuals. It is important to understand the personalities of managers because their personalities influence their behaviour and their approach to managing people and resources.

**personality traits**

Enduring tendencies to feel, think, and act in certain ways.

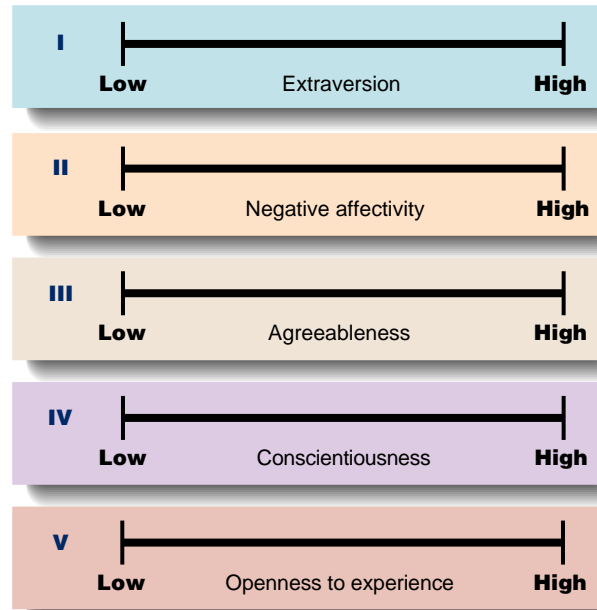
Some managers are demanding, difficult to get along with, and highly critical of other people.<sup>2</sup> Other managers may be as concerned about effectiveness and efficiency as highly critical managers but are easier to get along with and likable and frequently praise the people around them. Both styles of management may produce excellent results, but their effects on employees are quite different. Do managers deliberately decide to adopt one or the other of these approaches to management? Although they may do so part of the time, in all likelihood their personalities also account for their different approaches. And, preliminary research suggests that the way people react to different conditions depends, in part, on their personalities.<sup>3</sup>

## The Big Five Personality Traits

We can think of an individual’s personality as being composed of five general traits or characteristics: extraversion, negative affectivity, agreeableness, conscientiousness, and openness to experience.<sup>4</sup> Researchers often consider these the

**Figure 4.1**  
**The Big Five**  
**Personality Traits**

Managers' personalities can be described by determining which point on each of the following dimensions best characterizes the manager in question:



Big Five personality traits.<sup>5</sup> Each of them can be viewed as a continuum along which every individual or, more specifically, every manager falls (see Figure 4.1).

Some managers may be at the high end of one trait continuum, others at the low end, and still others somewhere in between. An easy way to understand how these traits can affect a person's approach to management is to describe what people are like at the high and low ends of each trait continuum. As will become evident as you read about each trait, no single trait is right or wrong for being an effective manager. Rather, effectiveness is determined by a complex interaction between characteristics of managers (including personality traits) and the nature of the job and organization in which they are working. Moreover, personality traits that enhance managerial effectiveness in one situation may actually impair it in another situation.

**extraversion** The tendency to experience positive emotions and moods and to feel good about oneself and the rest of the world.

**negative affectivity** The tendency to experience negative emotions and moods, to feel distressed, and to be critical of oneself and others.

**EXTRAVERSION** **Extraversion** is the tendency to experience positive emotions and moods and feel good about oneself and the rest of the world. Managers who are high on extraversion (often called *extraverts*) tend to be sociable, affectionate, outgoing, and friendly. Managers who are low on extraversion (often called *introverts*) tend to be less inclined toward social interactions and to have a less positive outlook. Being high on extraversion may be an asset for managers whose jobs entail especially high levels of social interaction. Managers who are low on extraversion may nevertheless be highly effective and efficient, especially when their jobs do not require excessive social interaction. Their more "quiet" approach may enable them to accomplish quite a bit of work in a limited time.

**NEGATIVE AFFECTIVITY** **Negative affectivity** is the tendency to experience negative emotions and moods, feel distressed, and be critical of oneself and others. Managers high on this trait may often feel angry and dissatisfied and

**Figure 4.2**  
**A Measure**  
**of Negative**  
**Affectivity**

**Instructions:** Listed below are a series of statements a person might use to describe her/his attitudes, opinions, interests, and other characteristics. If a statement is true or largely true, put a "T" in the space next to the item. Or , if the statement is false or largely false, mark an "F" in the space.

Please answer every statement, even if you are not completely sure of the answer. Read each statement carefully, but don't spend too much time deciding on the answer.

- |  |  |
|--|--|
| ___ <b>1.</b> I often find myself worrying about something.  | ___ <b>9.</b> I sometimes get myself into a state of tension and turmoil as I think of the day's events. |
| ___ <b>2.</b> My feelings are hurt rather easily.  | ___ <b>10.</b> Minor setbacks sometimes irritate me too much.  |
| ___ <b>3.</b> Often I get irritated at little annoyances.  | ___ <b>11.</b> I often lose sleep over my worries.   |
| ___ <b>4.</b> I suffer from nervousness.   | ___ <b>12.</b> There are days when I'm "on edge" all of the time.  |
| ___ <b>5.</b> My mood often goes up and down.  | ___ <b>13.</b> I am too sensitive for my own good.   |
| ___ <b>6.</b> I sometimes feel "just miserable" for no good reason.                                      | ___ <b>14.</b> I sometimes change from happy to sad, or vice versa, without good reason.                 |
| ___ <b>7.</b> Often I experience strong emotions—anxiety, anger—without really knowing what causes them. |  |
| ___ <b>8.</b> I am easily startled by things that happen unexpectedly.                                   |  |

**Scoring:** Level of negative affectivity is equal to the number of items answered "True."

Source: Tellegen, *Brief Manual for the Differential Personality Questionnaire* (unpublished manuscript, University of Minnesota, 1982).

complain about their own and others' lack of progress. Managers who are low on negative affectivity do not tend to experience many negative emotions and moods and are less pessimistic and critical of themselves and others. On the plus side, the critical approach of a manager high on negative affectivity may sometimes be effective if it spurs both the manager and others to improve their performance. Nevertheless, it is probably more pleasant to work with a manager who is low on negative affectivity; the better working relationships that such a manager is likely to cultivate also can be an important asset. Figure 4.2 is an example of a scale developed to measure a person's level of negative affectivity.

This example has been provided to demonstrate how a characteristic of personality can be measured. There are a variety of tools on the market, such as the Myers Briggs Personality Assessment, that measure all of the dimensions of personality and link the dimensions together to give a clear definition of a person's personality traits. This type of assessment is used frequently by managers who want information about how people around them will behave, based on their personality characteristics.

**agreeableness** The tendency to get along well with other people.

**conscientiousness** The tendency to be careful, scrupulous, and persevering.

**openness to experience** The tendency to be original, have broad interests, be open to a wide range of stimuli, be daring, and take risks.

**AGREEABLENESS** **Agreeableness** is the tendency to get along well with others. Managers who are high on the agreeableness continuum are likeable, tend to be affectionate, and care about other people. Managers who are low on agreeableness may be somewhat distrustful of others, unsympathetic, uncooperative, and even at times antagonistic. Being high on agreeableness may be especially important for managers whose responsibilities require them to develop good, close relationships with others. Nevertheless, a low level of agreeableness may be an asset in managerial jobs that actually require managers to be antagonistic, such as drill sergeants, and some other kinds of military managers.

**CONSCIENTIOUSNESS** **Conscientiousness** is the tendency to be careful, scrupulous, and persevering. Managers who are high on the conscientiousness continuum are organized and self-disciplined; those who are low on this trait might sometimes appear to lack direction and self-discipline. Conscientiousness has been found to be a good predictor of performance in many kinds of jobs. Successful managers show their willingness to stick with it until the job is done, their attention to detail, and their ability to handle their multiple responsibilities in an organized manner.

**OPENNESS TO EXPERIENCE** **Openness to experience** is the tendency to be original, have broad interests, be open to a wide range of stimuli, be daring, and take risks.<sup>6</sup> Managers who are high on this trait continuum may be especially likely to take risks and be innovative in their planning and decision making. Entrepreneurs who start their own businesses—such as Bill Gates of Microsoft, Jeff Bezos of Amazon.com, and Anita Roddick of The Body Shop—are, in all likelihood, high on openness to experience, which has contributed to their success as entrepreneurs and managers. Managers who are low on openness to experience may be less prone to take risks and more conservative in their planning and decision making. In certain organizations and positions, this tendency might be an asset. The manager of the fiscal office in a public university, for example, must ensure that all university departments and units follow the university's rules and regulations pertaining to budgets, spending accounts, and reimbursement of expenses.

By now it should be clear that successful managers occupy a variety of positions on the Big Five personality-trait continua. One highly effective manager may be high on extraversion and negative affectivity, another equally effective manager may be low on both these traits, and still another may be somewhere in between. Members of an organization must understand these differences across managers because they can shed light on how managers behave and on their approach to planning, leading, organizing, or controlling. If subordinates realize, for example, that their manager is low on extraversion, they will not feel slighted when their manager seems to be aloof because they will realize that by nature he or she is simply not outgoing.

Managers themselves also need to be aware of their own personality traits and the traits of others, including their subordinates and fellow managers. A manager who knows that he has a tendency to be highly critical of other people might try to tone down his negative approach. Similarly, a manager who realizes that her chronically complaining subordinate tends to be negative because of his personality may take all his complaints with a grain of salt and realize that things probably are not as bad as this subordinate says they are.

In order for all members of an organization to work well together and with people outside the organization, such as customers and suppliers, they must

understand each other. Such understanding comes, in part, from an appreciation of some of the fundamental ways in which people differ from one another—that is, an appreciation of personality traits.

## Other Personality Traits That Affect Managerial Behaviour

Many other specific traits in addition to the Big Five describe people's personalities. Here we look at traits that are particularly important for understanding managerial effectiveness: locus of control, self-esteem, and the needs for achievement, affiliation, and power.

**internal locus of control** The tendency to locate responsibility for one's fate within oneself.

**external locus of control** The tendency to locate responsibility for one's fate within outside forces and to believe that one's own behaviour has little impact on outcomes.

**self-esteem** The degree to which individuals feel good about themselves and their capabilities.

**need for achievement** The extent to which an individual has a strong desire to perform challenging tasks well and to meet personal standards for excellence.

**LOCUS OF CONTROL** People differ in their views about how much control they have over what happens to and around them. The locus of control trait captures these beliefs.<sup>7</sup> People with an **internal locus of control** believe that they themselves are responsible for their own fate; they see their own actions and behaviours as being important and decisive determinants of important outcomes such as levels of job performance, promotion, or being turned down for a choice job assignment. Some managers with an internal locus of control see the success of a whole organization resting on their shoulders. An internal locus of control also helps to ensure ethical behaviour and decision making in an organization because people feel accountable and responsible for their own actions. People with an **external locus of control** believe that outside forces are responsible for what happens to and around them; they do not think that their own actions make much of a difference. As such, they tend not to intervene to try to change a situation or solve a problem, leaving it to someone else.

Managers need to have an internal locus of control because they *are* responsible for what happens in organizations; they need to believe that they can and do make a difference. Moreover, managers are responsible for ensuring that organizations and their members behave in an ethical fashion, and for this as well, they need to have an internal locus of control—they need to know and feel they can make a difference.

**SELF-ESTEEM** **Self-esteem** is the degree to which individuals feel good about themselves and their capabilities. People with high self-esteem believe that they are competent, deserving, and capable of handling most situations. People with low self-esteem have poor opinions of themselves, are unsure about their capabilities, and question their ability to succeed at different endeavours.<sup>8</sup> Research suggests that people tend to choose activities and goals consistent with their levels of self-esteem. High self-esteem is desirable for managers because it facilitates their setting and keeping high standards for themselves, pushes them ahead on difficult projects, and gives them the confidence they need to make and carry out important decisions.

**NEEDS FOR ACHIEVEMENT, AFFILIATION, AND POWER** Psychologist David McClelland has extensively researched the needs for achievement, affiliation, and power.<sup>9</sup> The **need for achievement** is the extent to which an individual has a strong desire to perform challenging tasks well and to meet personal standards for excellence. People with a high need for achievement often set clear goals for themselves and like to receive performance feedback.

**need for affiliation**

The extent to which an individual is concerned about establishing and maintaining good interpersonal relations, being liked, and having other people get along.

**need for power**

The extent to which an individual desires to control or influence others.

The **need for affiliation** is the extent to which an individual is concerned about establishing and maintaining good interpersonal relations, being liked, and having other people around them get along with each other. The **need for power** is the extent to which an individual desires to control or influence others.<sup>10</sup>

Research suggests that high needs for achievement and for power are assets for first-line and middle managers; and that a high need for power is especially important for upper-level managers.<sup>11</sup> A high need for affiliation may not always be desirable in managers because it might lead them to try too hard to be liked by others (including subordinates) rather than doing all they can to ensure that performance is as high as it can and should be. Although most research on these needs has been done in the United States, some studies suggest that these findings may also be applicable to people in other countries, such as Canada, India, and New Zealand.<sup>12</sup>

Taken together, these personality traits desirable in managers—an internal locus of control, high self-esteem, and high needs for achievement and power—suggest that managers need to be take-charge people who believe not only that their own actions are decisive in determining their own and their organization's fate but also in their own capabilities. They have a personal desire for accomplishment and influence over others.

## Values, Attitudes, and Moods and Emotions

What are managers striving to achieve? How do they think they should behave? What do they think about their jobs and organizations? And, how do they actually feel at work? Some answers to these questions can be found by exploring managers' values, attitudes, and moods.

Values, attitudes, and moods capture how managers experience their jobs as individuals. *Values* describe what managers are trying to achieve through work and how they think they should behave. *Attitudes* capture their thoughts and feelings about their specific jobs and organizations. *Moods and emotions* encompass how managers actually feel when they are managing. Although these three aspects of managers' work experience are highly personal, they also have important implications for understanding how managers behave, how they treat and respond to others, and how, through their efforts, they help contribute to organizational effectiveness through planning, leading, organizing, and controlling.

**terminal value** A lifelong goal or objective that an individual seeks to achieve.

**instrumental value** A mode of conduct that an individual seeks to follow.

**norms** Informal rules of conduct for behaviours that are considered important by most members of a group or organization.

**value system** The terminal and instrumental values that are guiding principles in an individual's life.

## Values: Terminal and Instrumental

The two kinds of personal values are *terminal* and *instrumental*. A **terminal value** is a personal conviction about lifelong goals or objectives; an **instrumental value** is a personal conviction about desired modes of conduct or ways of behaving.<sup>13</sup> Terminal values often lead to the formation of **norms** or informal rules of conduct for behaviours considered important by most members of a group or organization, such as behaving honestly or courteously.

Milton Rokeach, one of the leading researchers in the area of human values, identified 18 terminal values and 18 instrumental values that describe each person's value system (see Figure 4.3).<sup>14</sup> By rank ordering the terminal values from 1 (most important as a guiding principle in one's life) to 18 (least important as a guiding principle in one's life) and then rank ordering the instrumental values from 1 to 18, people can give good pictures of their **value systems**—what they

**Figure 4.3**  
Terminal and Instrumental Values

Terminal Values	Instrumental Values
<ul style="list-style-type: none"> <li>A comfortable life (a prosperous life)</li> <li>An exciting life (a stimulating, active life)</li> <li>A sense of accomplishment (lasting contribution)</li> <li>A world at peace (free of war and conflict)</li> <li>A world of beauty (beauty of nature and the arts)</li> <li>Equality (brotherhood, equal opportunity for all)</li> <li>Family security (taking care of loved ones)</li> <li>Freedom (independence, free choice)</li> <li>Happiness (contentedness)</li> <li>Inner harmony (freedom from inner conflict)</li> <li>Mature love (sexual and spiritual intimacy)</li> <li>National security (protection from attack)</li> <li>Pleasure (an enjoyable, leisurely life)</li> <li>Salvation (saved, eternal life)</li> <li>Self-respect (self-esteem)</li> <li>Social recognition (respect, admiration)</li> <li>True friendship (close companionship)</li> <li>Wisdom (a mature understanding of life)</li> </ul>	<ul style="list-style-type: none"> <li>Ambitious (hard-working, aspiring)</li> <li>Broad-minded (open-minded)</li> <li>Capable (competent, effective)</li> <li>Cheerful (lighthearted, joyful)</li> <li>Clean (neat, tidy)</li> <li>Courageous (standing up for your beliefs)</li> <li>Forgiving (willing to pardon others)</li> <li>Helpful (working for the welfare of others)</li> <li>Honest (sincere, truthful)</li> <li>Imaginative (daring, creative)</li> <li>Independent (self-reliant, self-sufficient)</li> <li>Intellectual (intelligent, reflective)</li> <li>Logical (consistent, rational)</li> <li>Loving (affectionate, tender)</li> <li>Obedient (dutiful, respectful)</li> <li>Polite (courteous, well-mannered)</li> <li>Responsible (dependable, reliable)</li> <li>Self-controlled (restrained, self-disciplined)</li> </ul>

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are striving to achieve in life and how they want to behave.<sup>15</sup> (You can gain a good understanding of your own values by rank ordering first the terminal values and then the instrumental values listed in Figure 4.3).

Several of the terminal values listed in Figure 4.3 seem to be especially important for managers—such as *a sense of accomplishment (a lasting contribution)*, *equality (brotherhood, equal opportunity for all)*, and *self-respect (or self-esteem)*. A manager who thinks a sense of accomplishment is of paramount importance might focus on making a lasting contribution to an organization by developing a new product or by opening a new foreign subsidiary. A manager who places equality at the top of his or her list of terminal values may be at the forefront of an organization's efforts to support, provide equal opportunities to, and capitalize on the many talents of an increasingly diverse workforce.

Other values are likely to be considered important by many managers, such as *a comfortable life (a prosperous life)*, *an exciting life (a stimulating, active life)*, *freedom (independence, free choice)*, and *social recognition (respect, admiration)*. The relative importance that managers place on each terminal value helps explain what they are striving to achieve in their organizations and what they will focus their efforts on.

Several of the instrumental values listed in Figure 4.3 seem to be important modes of conduct for managers, such as being ambitious (*hard-working, aspiring*), broad-minded (*open-minded*), capable (*competent, effective*), responsible (*dependable*,

*reliable*), and *self-controlled* (*restrained, self-disciplined*). Moreover, the relative importance a manager places on these and other instrumental values may be a significant determinant of actual behaviours on the job. A manager who considers being *imaginative* (*daring, creative*) to be highly important, for example, is more likely to be innovative and take risks than is a manager who considers this to be less important (all else being equal). A manager who considers being *honest* (*sincere, truthful*) to be of paramount importance may be a driving force for taking steps to ensure that all members of a unit or organization behave ethically.

Although much of Rokeach's research was based in the United States, the terminal and instrumental values he identified can describe the values of people from other cultures as well, as indicated in this "Managing Globally."



## Managing Globally



Chinese-American businessman Charles Wang, right, visits with Deng Pufang (son of Chinese leader Deng Ziaoping) during a visit to the Disabled Person's Federation headquarters in Beijing. Born in Shanghai, Wang is the founder of one of the world's largest software companies.

## Values of the Overseas Chinese

Over 55 million Chinese people work outside China, manage much of the trade and investment in all East Asia (except for Korea and Japan), and now are expanding beyond Asia to Europe, the United States, and Canada. Often referred to as the "Overseas Chinese," they are prominent in businesses such as real estate and investment in countries such as Singapore and Malaysia.<sup>16</sup> They tend to be successful at what they do, so successful that some of them are now running multi-billion-dollar companies.

Cheng Yu-tong, a Hong Kong-based real-estate manager, owns the Stouffer and Renaissance United States hotel chains and has taken control of some of Donald Trump's New York City real-estate ventures. President Enterprises, a Taiwanese food company, produces Girl Scout cookies in eight of its United States bakeries and also owns the bakery that makes Famous Amos chocolate chip cookies. Chinese managers are also forming agreements with companies in other countries to produce their products and sell them in local markets. For example, Chinese manufacturer TCL has entered into an agreement with the Indian firm, Baron India, to assemble its TVs and sell them in the Indian market.<sup>17</sup>

One distinguishing characteristic of some Overseas Chinese—whether managing a bank in Hong Kong or a truly global organization—is their values. Above all else, they value hard work, ambition, strong family ties, family security, responsibility, self-control, and competence. Billionaire Y. C. Wang has never taken a day off, and Kao Chin-yen, vice chairman of President Enterprises, says that he would feel sick if he had no work to do. Many of the businesses managed and owned by Overseas Chinese are family businesses, and parents work hard to ensure that their children have both the education and the experience they will need to assume responsible positions in their companies. That many Overseas Chinese are very disciplined and responsible managers who are highly competent is evident from their successes around the world.

Given these values, you might think that the Overseas Chinese are somewhat risk-averse, but they are not. They also consider being daring and being creative to be important guiding principles, as evidenced by their multi-million-dollar investments around the world. Y. C. Wang is building one of the largest manufacturing facilities in the world in Taiwan at an estimated cost of \$9 billion.

Respect, admiration, and social recognition also are important for these entrepreneurial managers. Many of the business deals

between organizations owned and managed by Overseas Chinese are conducted through networks of managers who have developed close relationships of mutual trust and respect over decades. Personal relationships and connections built on respect and admiration are called *guanxi* and are the modus operandi for many Overseas Chinese. Similarly, *xinyong*, having a good reputation and a good credit rating, is a most valued asset for many Overseas Chinese managers.<sup>18</sup>

All in all, managers' value systems signify what they as individuals are trying to accomplish and be like in their personal lives and at work. Thus, managers' value systems are fundamental guides to their behaviour and efforts at planning, leading, organizing, and controlling.

## Attitudes

**attitude** A collection of feelings and beliefs.

An **attitude** is a collection of feelings and beliefs. Like everyone else, managers have attitudes about their jobs and organizations, and these attitudes affect how they approach their jobs. Two of the most important attitudes in this context are job satisfaction and organizational commitment.

**job satisfaction** The collection of feelings and beliefs that managers have about their current jobs.

**JOB SATISFACTION** **Job satisfaction** is the collection of feelings and beliefs that managers have about their current jobs.<sup>19</sup> Managers who are high in job satisfaction generally like their jobs, feel that they are being fairly treated, and believe that their jobs have many desirable features or characteristics (such as interesting work, good pay and job security, autonomy, or nice co-workers). Figure 4.4 shows sample items from two scales that managers can use to measure job satisfaction. Levels of job satisfaction tend to increase as one moves up the hierarchy in an organization. Upper managers, in general, tend to be more satisfied with their jobs than entry-level employees. Managers' levels of job satisfaction can range from very low to very high and anywhere in between.

**organizational citizenship behaviours** Behaviours that are not required of organizational members but that contribute to and are necessary for organizational efficiency, effectiveness, and gaining a competitive advantage.

In general, it is desirable for managers to be satisfied with their jobs, for at least two reasons. First, satisfied managers may be more likely to go the extra mile for their organization or perform **organizational citizenship behaviours (OCBs)**, behaviours that are not required of organizational members but that contribute to and are necessary for organizational efficiency, effectiveness, and gaining a competitive advantage.<sup>20</sup> Managers who are satisfied with their jobs are more likely to perform these "above and beyond the call of duty" behaviours, which can range from putting in extra-long hours when needed to coming up with truly creative ideas and overcoming obstacles to implement them (even when doing so is not part of the manager's job), to going out of one's way to help a co-worker, subordinate, or a superior (even when doing so entails considerable personal sacrifice).<sup>21</sup>

A second reason why it is desirable for managers to be satisfied with their jobs is that satisfied managers may be less likely to quit.<sup>22</sup> A manager who is highly satisfied may never even think about looking for another position; a dissatisfied manager may always be on the lookout for new opportunities. Turnover can hurt an organization because it results in the loss of the experience and knowledge that managers have gained about the company, industry, and the business environment.

A growing source of dissatisfaction for many lower- and middle-level managers, as well as for nonmanagerial employees, is the threat of unemployment and increased workloads from organizational downsizings. A recent study of

**Figure 4.4**  
**Sample Items from**  
**Two Measures of**  
**Job Satisfaction**

**Sample items from the Minnesota Satisfaction Questionnaire:**

People respond to each of the items in the scale by checking whether they are:

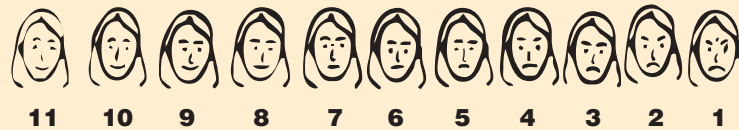
- |  |   |
|--|---|
| <input type="checkbox"/> Very dissatisfied                     | <input type="checkbox"/> Satisfied      |
| <input type="checkbox"/> Dissatisfied                          | <input type="checkbox"/> Very satisfied |
| <input type="checkbox"/> Can't decide whether satisfied or not |   |

On my present job, this is how I feel about . . .

- |  |  |
|--|--|
| ___ <b>1.</b> Being able to do things that don't go against my conscience. | ___ <b>7.</b> The chances for advancement on this job.           |
| ___ <b>2.</b> The way my job provides for steady employment.               | ___ <b>8.</b> The freedom to use my own judgment.                |
| ___ <b>3.</b> The chance to do things for other people.                    | ___ <b>9.</b> The working conditions.                            |
| ___ <b>4.</b> The chance to do something that makes use of my abilities.   | ___ <b>10.</b> The way my co-workers get along with each other.  |
| ___ <b>5.</b> The way company policies are put into practice.              | ___ <b>11.</b> The praise I get for doing a good job.            |
| ___ <b>6.</b> My pay and the amount of work I do.                          | ___ <b>12.</b> The feeling of accomplishment I get from the job. |

**The Faces Scale**

Workers select the face which best expresses how they feel about their job in general.



Sources: D. J. Weiss, R. V. Dawis, G. W. England, and L. H. Lofquist, *Manual for the Minnesota Satisfaction Questionnaire*, 1967, Minnesota Studies in Vocational Rehabilitation: XXII University of Minnesota; R. B. Dunham and J. B. Herman, "Development of a Female Faces Scale for Measuring Job Satisfaction," *Journal of Applied Psychology* 60 (1975): 629–31. Copyright © 1975 by the American Psychological Association. Reprinted with permission.

4,300 workers conducted by Wyatt Co. found that 76 percent of the employees of expanding companies are satisfied with their jobs but only 57 percent of the employees of companies that have downsized are satisfied.<sup>23</sup> Organizations that try to improve their efficiency through restructuring often eliminate a sizable number of first-line and middle management positions. This decision obviously hurts the managers who are laid off, and it also can reduce the job satisfaction levels of managers who remain. They might fear that they may be the next to be let go. In addition, the workloads of remaining managers often are dramatically increased as a result of restructuring, which also can contribute to dissatisfaction.

**organizational commitment** The collection of feelings and beliefs that managers have about their organization as a whole.

**ORGANIZATIONAL COMMITMENT** **Organizational commitment** is the collection of feelings and beliefs that managers have about their organization as a whole. Managers who are committed to their organizations believe in what their organizations are doing, are proud of what these organizations stand for, and feel a high degree of loyalty toward their organizations. Committed

**Figure 4.5**  
**A Measure of**  
**Organizational**  
**Commitment**

People respond to each of the items in the scale by checking whether they:

- |   |   |
|---|---|
| <input type="checkbox"/> Strongly disagree          | <input type="checkbox"/> Slightly agree   |
| <input type="checkbox"/> Moderately disagree        | <input type="checkbox"/> Moderately agree |
| <input type="checkbox"/> Slightly disagree          | <input type="checkbox"/> Strongly agree   |
| <input type="checkbox"/> Neither disagree nor agree |   |

- |   |   |
|---|---|
| <p>___ <b>1.</b> I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.</p> <p>___ <b>2.</b> I talk up this organization to my friends as a great organization to work for.</p> <p>___ <b>3.</b> I feel very little loyalty to this organization.*</p> <p>___ <b>4.</b> I would accept almost any type of job assignment in order to keep working for this organization.</p> <p>___ <b>5.</b> I find that my values and the organization's values are very similar.</p> <p>___ <b>6.</b> I am proud to tell others that I am part of this organization.</p> <p>___ <b>7.</b> I could just as well be working for a different organization as long as the type of work were similar.*</p> <p>___ <b>8.</b> This organization really inspires the very best in me in the way of job performance.</p> | <p>___ <b>9.</b> It would take very little change in my present circumstances to cause me to leave this organization.*</p> <p>___ <b>10.</b> I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.</p> <p>___ <b>11.</b> There's not too much to be gained by sticking with this organization indefinitely.*</p> <p>___ <b>12.</b> Often, I find it difficult to agree with this organization's policies on important matters relating to its employees.*</p> <p>___ <b>13.</b> I really care about the fate of this organization.</p> <p>___ <b>14.</b> For me this is the best of all possible organizations for which to work.</p> <p>___ <b>15.</b> Deciding to work for this organization was a definite mistake on my part.*</p> |
|---|---|

**Scoring:** Responses to items 1, 2, 4, 5, 6, 8, 10, 13, and 14 are scored such that 1 = strongly disagree; 2 = moderately disagree; 3 = slightly disagree; 4 = neither disagree nor agree; 5 = slightly agree; 6 = moderately agree; and 7 = strongly agree. Responses to items 3, 7, 9, 11, 12, and 15 are scored 7 = strongly disagree; 6 = moderately disagree; 5 = slightly disagree; 4 = neither disagree nor agree; 3 = slightly agree; 2 = moderately agree; and 1 = strongly agree. Responses to the 15 items are averaged for an overall score from 1 to 7; the higher the score, the higher the level of organizational commitment.

Source: L. W. Porter and F. J. Smith, "Organizational Commitment Questionnaire," in J. D. Cook, S. J. Hepworth, T. D. Wall, and P. B. Warr, eds., *The Experience of Work: A Compendium and Review of 249 Measures and Their Use*, New York: Academic Press (1981): 84–86.

managers are more likely to go above and beyond the call of duty to help their company and are less likely to quit.<sup>24</sup> Organizational commitment can be especially strong when employees and managers truly believe in organizational values; it also leads to a strong organizational culture.

Organizational commitment is likely to help managers perform some of their figurehead and spokesperson roles (see Chapter 1). It is much easier for a manager to persuade others both inside and outside the organization of the merits of what the organization has done and is seeking to accomplish if the manager

truly believes in and is committed to the organization. Figure 4.5 is an example of a scale that managers can use to measure a person's level of organizational commitment.

Do managers in different countries have similar or different attitudes? Differences in the levels of job satisfaction and organizational commitment among managers in different countries are likely because these managers have different kinds of opportunities and rewards and because they face different economic, political, or socio-cultural forces in their organizations' general environments. In countries with relatively high unemployment rates, such as France, levels of job satisfaction may be higher among employed managers because they may be happy simply to have a job.

Levels of organizational commitment from one country to another may depend on the extent to which countries have legislation affecting firings and layoffs and the extent to which citizens of a country are geographically mobile. In both France and Germany legislation protects workers (including managers) from being fired or laid off. In addition, managers in North America are more willing to relocate than managers in France and Germany. In France, citizens have relatively strong family and community ties, and in Germany housing is expensive and difficult to find. For those reasons citizens in both countries tend to be less geographically mobile than North Americans.<sup>25</sup> Managers who know that their jobs are secure and are reluctant to relocate (such as those in Germany and France) may be more committed to their organizations than managers who know that their organizations could lay them off any day and who would not mind geographic relocations.

## Moods and Emotions

Just as you sometimes are in a bad mood and at other times in a good mood, so too are managers. A **mood** is a feeling or state of mind. When people are in a positive mood, they feel excited, enthusiastic, active, or elated.<sup>26</sup> When people are in a negative mood, they feel distressed, fearful, scornful, hostile, jittery, or nervous.<sup>27</sup> People who are high on extraversion are especially likely to experience positive moods; people who are high on negative affectivity are especially likely to experience negative moods. People's situations or circumstances also determine their moods; however, receiving a raise is likely to put most people in a good mood regardless of their personality traits. People who are high on negative affectivity are not always in a bad mood, and people who are low on extraversion still experience positive moods.<sup>28</sup>

Another kind of feeling state, **emotions**, are more intense than moods, are often directly linked to whatever caused the emotion, and are more short-lived. However, once whatever has triggered the emotion has been dealt with, the feelings may linger in the form of a less intense mood.<sup>29</sup> For example, a manager who gets very angry when one of his subordinates has engaged in an unethical behaviour may find his anger decreasing in intensity once he has decided how to address the problem. Yet, he continues to be in a bad mood the rest of the day, even though he is not directly thinking about the unfortunate incident.<sup>30</sup>

Research on how moods affect the behaviour of managers and other members of an organization has just begun. Preliminary studies suggest that the subordinates of managers who experience positive moods at work may perform at somewhat higher levels and be less likely to resign and leave the organization than the subordinates of managers who do not tend to be in a positive mood at

**mood** A feeling or state of mind.

**emotions** Intense, relatively short-lived feelings.

work.<sup>31</sup> Other research suggests that under certain conditions, creativity might be enhanced by positive moods, whereas under other conditions, negative moods might push people to work harder to come up with truly creative ideas.<sup>32</sup>

Other research suggests that moods and emotions (which are more intense and short-lived feelings that are triggered by something specific) may play an important role in ethical decision making. For example, researchers at Princeton University found that when people are trying to solve difficult personal moral dilemmas, the parts of their brains that are responsible for emotions and moods are especially active.<sup>33</sup>

Recognizing the benefits of positive moods, the Northbrook, Illinois, accounting firm of Lipschultz, Levin, & Gray has gone to great lengths to promote positive feelings among its employees. Chief executive Steven Siegel claims that positive feelings promote relaxation and alleviate stress, increase revenues and attract clients, and reduce turnover. Positive moods are promoted in a variety of ways at Lipschultz, Levin, & Gray. Siegel has been known to put on a gorilla mask at especially busy times; clerks sometimes don chicken costumes; a foghorn announces the signing of a new client; employees can take a break and play miniature golf in the office, play darts, or exercise with a hula-hoop (even during tax time). A casual dress code also lightens things up at the firm. By all accounts, positive moods seem to be paying off for this group of accountants, whose good feelings seem to be attracting new clients.

Patrick Corboy, president and chief executive of Austin Chemical, switched his account from a bigger firm to Lipschultz, Levin, & Gray because he found the people at the bigger firm to be “too stuffy and dour for us.” Of the accountant

**Figure 4.6**  
**A Measure of**  
**Positive and**  
**Negative Mood**  
**at Work**

People respond to each item by indicating the extent to which the item describes how they felt at work during the past week on the following scale:

1 = Very slightly or not at all      4 = Quite a bit  
2 = A little                              5 = Very much  
3 = Moderately

___ <b>1.</b> Active	___ <b>7.</b> Enthusiastic
___ <b>2.</b> Distressed	___ <b>8.</b> Fearful
___ <b>3.</b> Strong	___ <b>9.</b> Peppy
___ <b>4.</b> Excited	___ <b>10.</b> Nervous
___ <b>5.</b> Scornful	___ <b>11.</b> Elated
___ <b>6.</b> Hostile	___ <b>12.</b> Jittery

**Scoring:** Responses to items 1, 3, 4, 7, 9, and 11 are summed for a positive mood score; the higher the score, the more positive mood is experienced at work. Responses to items 2, 5, 6, 8, 10, and 12 are summed for a negative mood score; the higher the score, the more negative mood is experienced at work.

Source: A. P. Brief, M. J. Burke, J. M. George, B. Robinson, and J. Webster, “Should Negative Affectivity Remain an Unmeasured Variable in the Study of Job Stress?” *Journal of Applied Psychology* 73 (1988): 193–98. M. J. Burke, A. P. Brief, J. M. George, L. Roberson, and J. Webster, “Measuring Affect at Work: Confirmatory Analyses of Competing Mood Structures with Conceptual Linkage to Cortical Regulatory Systems,” *Journal of Personality and Social Psychology* 57 (1989): 1091–1102.

William Finestone, who manages the Austin Chemical account, Corboy says the following: “[he] is a barrel of laughs . . . Bill not only solves our problems more quickly but he puts us at ease, too.”<sup>34</sup>

Nevertheless, sometimes negative moods can have their advantages. Some studies suggest that critical thinking and devil’s advocacy may be promoted by a negative mood, and sometimes especially accurate judgments may be made by managers in negative moods.<sup>35</sup>

Managers and other members of an organization need to realize that how they feel affects how they treat others and how others respond to them, including their subordinates. For example, a subordinate may be more likely to approach a manager with a somewhat far-out but potentially useful idea if the subordinate thinks the manager is in a good mood. Likewise, when managers are in very bad moods, their subordinates might try to avoid them at all costs. Figure 4.6 is an example of a scale that managers can use to measure the extent to which a person experiences positive and negative moods at work.

## Emotional Intelligence

In understanding the effects of managers’ and all workers’ moods and emotions, it is important to take into account their levels of emotional intelligence. **Emotional intelligence** is the ability to understand and manage one’s own moods and emotions and the moods and emotions of other people.<sup>36</sup> Managers with a high level of emotional intelligence are more likely to understand how they are feeling and why, and are more able to effectively manage their feelings. When managers are experiencing stressful feelings and emotions such as fear or anxiety, emotional intelligence enables them to understand why and manage these feelings so that they do not get in the way of effective decision making.<sup>37</sup>

Emotional intelligence also can help managers perform their important roles such as their interpersonal roles (figurehead, leader, and liaison). Understanding how your subordinates feel, why they feel that way, and how to manage these feelings is central to developing strong interpersonal bonds with them. Moreover, emotional intelligence has the potential to contribute to effective leadership in multiple ways.<sup>38</sup> Recognizing the benefits of emotional intelligence, some managers are taking active steps to promote emotional competencies.

### emotional intelligence

The ability to understand and manage one’s own moods and emotions and the moods and emotions of other people.



## Management Insight

### Emotional Smarts for Growth Starts

Emotional intelligence (EQ) represents a manager’s ability to understand and have empathy for the attitudes, beliefs, moods, and emotions of others. Having this ability is very important to be an effective manager, and according to Tony Comper, president and CEO, Bank of Montreal, “emotional intelligence will become more important than IQ”<sup>39</sup>

Managers are beginning to understand that developing their skills to be able to recognize how they are perceived by people around them, and how they perceive others, has become an important aspect of a manager’s “tool box.” The following excerpt demonstrates this point.

#### The Emotional Smarts of Growth-Company Leaders

Your emotional intelligence or “EQ” can affect your ability to thrive in entrepreneurial situations.

“Emotional intelligence” is a big buzzphrase of the new millennium. But what does emotional intelligence represent—and how important is it to doing business?

Whereas traditional notions of intelligence cover right-brain skills such as analysis and synthesis, your emotional intelligence comprises such concepts as assertiveness, empathy, stress tolerance, flexibility, and optimism.

According to continuing research by Dr. Steven Stein, president and CEO of Multi-Health Systems, a psychological testing firm in Toronto, emotional intelligence or “EQ” impacts many areas of business performance. For instance, says Stein, entrepreneurs with high-stress tolerance, problem-solving skills, and emotional self-awareness are better equipped to manage growth; problem-solving skills and self-understanding help with human-resource management.

Early results from a study being led by Stein suggest that fast-growth CEOs rate highly in the traits commonly associated with entrepreneurship: independence, optimism, and assertiveness. Their weak spots: emotional self-awareness and empathy. On average, women entrepreneurs score higher than men on social responsibility and interpersonal skills.<sup>40</sup>

EQ is a rapidly developing concept, and over the next few years we can expect to see major developments in the definition of EQ, systems for measuring EQ, and management models that integrate EQ into the profile of the manager.

**ORGANIZATIONAL CHARACTERISTICS** Now that we have completed a study of personal characteristics, attitudes, values, moods, and emotions, we can turn our attention to the organization itself and examine the characteristics of “personality” that are present in organizations. It is important for managers to understand that, although it is possible to define and understand a person’s personality, it is also possible to define and understand an organization’s personality.

To put this in context, imagine that you have an associate who consistently behaves a certain way in a situation. If you like the way she behaves, you will promote the situation; if you don’t like that behaviour, you will avoid the situation. The same holds for an organization. If employees like the response they get from the organization in a situation, they will repeat the situation.

As people, we develop perceptions of how the people around us will respond in situations. We will also develop perceptions of how our organizations will respond in situations. To develop our EQ we need to develop an understanding of the role an organization plays in influencing human behaviour.

The characteristics of an organization will be defined as “Organizational Culture.”

### organizational culture

The set of values, norms, standards for behaviour, and shared expectations that influence the ways in which individuals, groups, and teams interact with each other and cooperate to achieve organizational goals.

## Organizational Culture

**Organizational culture** is the set of shared values, norms, standards for behaviour, and expectations that influence the ways in which individuals, groups, and teams interact with each other and cooperate to achieve organizational goals. Just as managers differ from each other along a number of dimensions such as the Big Five personality traits, so too do their organizations’ values and norms, and members’ attitudes and behaviour. In fact, one can think about organizational culture as being the “personality” of an organization.

## How Managers Influence Organizational Culture



### attraction-selection-attrition framework

A model that explains how personality may influence organizational culture.

Although all members of an organization can contribute to the development and maintenance of organizational culture, managers play a particularly important part in influencing organizational culture, given their multiple and important roles (see Chapter 1). How managers create culture is most vividly evident in start-ups of new companies. Entrepreneurs who start their own companies are typically also the start-up's top managers until the companies grow and/or become profitable. Often referred to as the firms' founders, these managers literally create their organizations' cultures.

Often, the founders' personal characteristics play an important role in the creation of organizational culture. Benjamin Schneider, a well-known management researcher at the University of Maryland, developed a model that helps to explain the role that founders' personal characteristics play in determining organizational culture.<sup>41</sup> His model, called the **attraction-selection-attrition (ASA) framework**, posits that when founders hire employees for their new ventures, they tend to be attracted to and choose employees whose personalities are similar to their own. These similar employees are more likely to stay, while employees dissimilar in personality who might be hired are more likely to leave the organization. As a result of these attraction, selection, and attrition processes, people in the organization tend to have similar personalities, and the typical or dominant personality profile of organizational members determines and shapes organizational culture.<sup>42</sup>

For example, Mary Stevens started her own software company, Comp-Ease. Stevens is high on openness to experience and conscientiousness and low on extraversion; she likes to take risks, experiment with new things, and break down barriers to creativity and innovation. And she goes about these entrepreneurial activities with a quiet sense of determination. When Stevens interviewed prospective employees for her venture, she was especially attracted to those who shared her propensity toward taking risks and being creative, those, like herself who were determined to be successful and not overly outgoing in the interview. As Comp-Ease grew Stevens delegated responsibilities for interviewing and hiring to her subordinates who tended to attract and select employees similar to themselves. Whenever employees who don't like to experiment and take risks were inadvertently hired, they often left after a few months on the job.

Although ASA processes are most evident in small firms such as Stevens's Comp-Ease, they also can operate in large companies. According to the ASA model, this is a naturally occurring phenomenon to the extent that managers and new hires are free to make the kinds of choices the model specifies. Although people tend to get along well with others who are similar to themselves, too much similarity in an organization can actually impair organizational effectiveness. That is, similar people tend to view conditions and events in similar ways and thus, can be resistant to change. Moreover, organizations benefit from a diversity of perspectives rather than similarity in perspectives (see Chapter 5). Getting back to Comp-Ease, luckily Stevens realized this fact just in time. A series of decisions had gone wrong leading to the loss of one client and several potential clients. This forced Stevens to consider the strengths and weaknesses of her organization. After analyzing what went wrong in each case, she realized that Comp-Ease was not only taking far too many unnecessary risks, but also was not as aggressive as it should be in pursuing new clients. Since

Comp-Ease was continuing to grow, Stevens decided to hire some new employees who would be more cautious and less prone to take risks to complement the risk-takers in her company. She also decided to hire some very outgoing individuals with industrial sales experience to build relationships with new and existing clients.

In addition to personality, other personal characteristics of managers shape organizational culture; these include managers' values, attitudes, moods and emotions, and emotional intelligence.<sup>43</sup> For example, both terminal and instrumental values of managers play a role in determining organizational culture. Managers who highly value freedom and equality, for example, might be more likely to stress the importance of autonomy and empowerment in their organizations as well as fair treatment for all. As another example, managers who highly value being helpful and forgiving may be prone to emphasize the importance of organizational members being kind and helpful to each other as well as to be tolerant of mistakes.

Managers who are satisfied with their jobs, committed to their organizations, and experience positive moods and emotions might also encourage these attitudes and feelings in others. The result would be an organizational culture emphasizing positive attitudes and feelings. Research suggests that attitudes such as job satisfaction and organizational commitment can be affected by the influence of others. Managers are in a particularly strong position to engage in social influence, given their multiple roles. Moreover, research suggests that moods and emotions can be “contagious,” and spending time with people who are excited and enthusiastic can increase one's own levels of excitement and enthusiasm, as discussed in the following “Management Insight.”<sup>44</sup>



## Management Insight

### **A Senior Executive Who Brings His Lifestyle to Work!**

Lino Saputo believes in living with good values and bringing those good values to the company as described in the following excerpts from an article in *Canadian Business*.

In Montreal, the Saputo name means two things: cheese and soccer. The family began making mozzarella in the city almost 50 years ago, before emerging as a global cheese player in the late 1990s. And the Saputos remain the principal sponsor of Montreal's pro soccer franchise, the Impact, and help thousands of little leaguers participate in the sport through their sponsorship of the Quebec Soccer Federation. Lino Saputo Jr. [who succeeded his father as CEO of Saputo Inc. in 2004] is the third generation of Saputos to take up the cheese-making tradition. But the 37-year-old grandson of founder Giuseppe Saputo, a Sicilian immigrant, betrays mostly indifference toward the game his family has doggedly promoted in the new country.

The sport Lino Jr. is passionate about is hockey. Despite the enormous travel involved in overseeing a dairy empire that includes 31 plants in Canada, 14 in the United States, and a newly acquired operation in Argentina, Lino Jr. still plays hockey with a garage-league team in Montreal. To hone his skills, he can count on his friend and Montreal Canadiens defenceman Stéphane Quintal, who often takes shots on Saputo in net, sometimes bringing along a couple of Canadiens teammates to make the goalie work even harder.

Off the ice, Quintal and Lino Jr. compare notes on hockey and business. “There are a lot of similarities between the two,” says Quintal, who owns a



The Saputo family runs a huge dairy supply business while keeping *family* high on the list of priorities.

small Montreal production company. “Lino and I both believe that team spirit is as important to a hockey franchise as it is to a company. Employees, like players, have to believe in the values of the company and feel comfortable in the role they play within it.”

Indeed, a job at Saputo means membership in an extended Italian famiglia. At a time when many firms forgo the annual Christmas party to cut costs, the Saputos throw not one, but two gigantic holiday fetes, one for their Montreal employees and one for their offspring. More than 600 workers and their partners are invited to an evening party that mimics the gastronomical extravagance and ebullience of an Italian wedding, while their children enjoy a daylong marathon of games, gifts, and cake.

For a company that prides itself on its lean structure, the Christmas bashes may seem incongruous. But Lino Jr. is not the one who’s going to do away with them. Growing up, he recalls a well-stocked family kitchen that was open to anyone remotely associated with the company, from delivery people to janitors. It’s the kind of family atmosphere Lino Jr. vows to preserve as CEO. “For sure, that gets more difficult to maintain as the company gets bigger,” he says. “But we still believe that it’s in our day-to-day interactions that we convince employees we’re different.”<sup>45</sup>

Not only is Mr. Saputo making a financial investment to bring his employees together as a team, he is making a personal investment of time and access to his personal life and his family. Some say it is important to separate work life from home life. Lino Jr. sees value in making them closely linked together.

The purpose of this management insight is to make the point that Lino Saputo recognizes the value of understanding the Emotional Quotient and the benefit of linking personal attitudes and values to organizational culture. His investment is more than a Christmas party. The party is only one event in a series of activities that go on every day and in every way he interrelates with his people. Having an effective culture is an ongoing investment in maintaining close personal ties with his people.

## Ethical Organizational Cultures

Managers can emphasize the importance of ethical behaviour and social responsibility by ensuring that ethical values and norms are a central component of organizational culture. Although an organization’s code of ethics guides decision making when ethical questions arise, managers can go one step further by ensuring that important ethical values and norms are key features of an organization’s culture. Ethical values and norms that are part of an organization’s culture help organizational members resist self-interested action and recognize that they are part of something bigger than themselves.<sup>46</sup>

Managers’ role in developing ethical values and standards in other employees is very important. Employees naturally look to those in authority to provide leadership, and managers become ethical role models whose behaviour is scru-

tinized by their subordinates. If top managers are not ethical, their subordinates are not likely to behave in an ethical manner. Employees may think that if it's all right for a top manager to engage in dubious behaviour, it's all right for them, too. The actions of top managers such as CEOs and the Prime Minister of Canada are scrutinized closely for ethical improprieties because their actions represent the values of their organizations and, in the case of the Prime Minister, the values of the country.

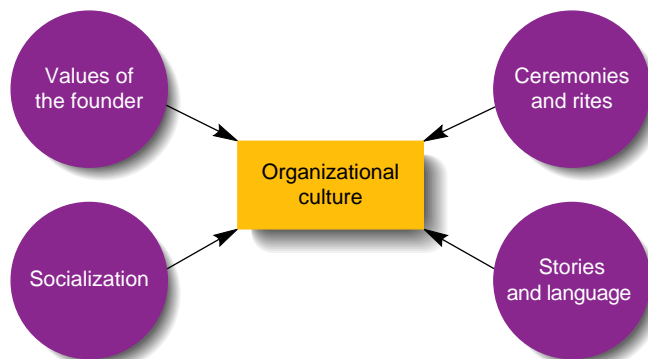
Managers can also provide a visible means of support to develop an ethical culture. Increasingly, organizations are creating departments of corporate affairs to monitor their ethical practices and procedures. The corporate affairs department is responsible for communicating ethical standards to all employees, for designing systems to monitor employees' conformity to those standards, and for teaching managers and nonmanagerial employees at all levels of the organization how to respond to ethical dilemmas appropriately.<sup>47</sup> Because the corporate affairs department has organizationwide authority, organizational members in any department can communicate instances of unethical behaviour by their managers or co-workers without fear of retribution. This arrangement makes it easier for everyone to behave ethically. In addition, corporate affairs can provide guidance when organizational members are uncertain about whether an action is ethical. Some organizations have an organizationwide ethics committee to provide guidance on ethical issues and help write and update the company code of ethics (more on ethics in Chapter 5).

## Values and Norms: Creating a Strong Organizational Culture

*Values* are beliefs and ideas about the kinds of goals members of a society should pursue and about the kinds or modes of behaviour people should use to achieve these goals.<sup>48</sup> *Norms* are unwritten, informal rules or guidelines that prescribe appropriate behaviour in particular situations. Norms emerge from values.<sup>49</sup> In an organization, values and norms inform organizational members about what goals they should pursue and how they should behave to reach those goals. Thus, values and norms perform the same function as formal goals, written rules, or direct supervision.

Managers can influence the kinds of values and norms that develop in an organization. Some managers might cultivate values and norms that let subordinates know that they are welcome to perform their roles in innovative, creative

**Figure 4.7**  
**Factors Creating**  
**a Strong**  
**Organizational**  
**Culture**



ways and to be innovative and entrepreneurial, willing to experiment and go out on a limb even if there is a significant chance of failure. Top managers at organizations such as Intel, Microsoft, and Sun Microsystems encourage employees to adopt such values to support their commitment to innovation as a source of competitive advantage.

Other managers, however, might cultivate values and norms that let employees know that they should always be conservative and cautious in their dealings with others, should always consult with their superiors before making important decisions, and should always put their actions in writing so they can be held accountable for whatever happens. In any setting where caution is needed—nuclear power stations, large oil refineries, chemical plants, financial institutions, insurance companies—a conservative, cautious approach to making decisions might be highly appropriate.<sup>50</sup> In a nuclear power plant, for example, the catastrophic consequences of a mistake make a high level of supervision vital. Similarly, in a bank or mutual fund company the risk of losing investors' money also makes a cautious approach to investing highly appropriate.

The managers of different kinds of organizations may deliberately cultivate and develop the organizational values and norms that are best suited to their task and general environments, strategy, or technology. Organizational culture is transmitted to organizational members through the values of the founder, the process of socialization, ceremonies and rites, and stories and language (see Figure 4.7).

**VALUES OF THE FOUNDER** One manager who has a very important impact on the kind of organizational culture that emerges in an organization is the founder. An organization's founder and his or her personal values and beliefs have a substantial influence on the values, norms, and standards of behaviour that develop over time within the organization.<sup>51</sup> Founders set the scene for the way cultural values and norms develop because they hire other managers to help them run their organizations. It is reasonable to assume that founders select managers who share their vision of the organization's goals and what it should be doing; in any case, new managers quickly learn from the founder what values and norms are appropriate in the organization and thus what is desired of them. Subordinates imitate the style of the founder and, in turn, transmit his or her values and norms to their subordinates. Gradually, over time, the founder's values and norms permeate the organization.<sup>52</sup>

A founder who requires a great display of respect from subordinates and insists on proprieties such as formal job titles and formal modes of dress encourages subordinates to act in this way toward their subordinates. Often, a founder's personal values affect an organization's competitive advantage. For example, McDonald's founder Ray Kroc insisted from the beginning on high standards of customer service and cleanliness at McDonald's restaurants; these became core sources of McDonald's competitive advantage. Similarly, Bill Gates, the founder of Microsoft, pioneered certain cultural values at Microsoft. Employees are expected to be creative and to work hard, but they are encouraged to dress informally and to personalize their offices. Gates also established a host of company events such as cookouts, picnics, and sports events to emphasize to employees the importance of being both an individual and a team player.

**SOCIALIZATION** Over time, organizational members learn from each other which values are important in an organization and the norms that specify appropriate and inappropriate behaviours. Eventually, organizational members behave in accordance with the organization's values and norms—often without

**organizational socialization** The process by which newcomers learn an organization's values and norms and acquire the work behaviours necessary to perform jobs effectively.

realizing they are doing so. **Organizational socialization** is the process by which newcomers learn an organization's values and norms and acquire the work behaviours necessary to perform jobs effectively.<sup>53</sup> As a result of their socialization experiences, organizational members internalize an organization's values and norms and behave in accordance with them, not only because they think they have to, but because they think that these values and norms describe the right and proper way to behave.<sup>54</sup>

Most organizations have some kind of socialization program to help new employees learn the ropes—the values, norms, and culture of that organization. The military, for example, is well known for the rigorous socialization process it uses to turn raw recruits into trained soldiers. Organizations such as Arthur Andersen also put new recruits through a rigorous training program to provide them with the knowledge they need not only to perform well in their jobs but also to represent the company to its clients. New recruits attend a six-week training program at Arthur Andersen's Chicago training centre, where they learn from experienced organizational members how to behave and what they should be doing. Thus, through the organizational socialization program, the founder and top managers of an organization can transmit to employees the cultural values and norms that shape the behaviour of organizational members.

**CEREMONIES AND RITES** Another way in which managers can attempt to create or influence an organizational culture is by developing organizational ceremonies and rites—formal events that recognize incidents of importance to the organization as a whole and to specific employees.<sup>55</sup> The most common rites that organizations use to transmit cultural norms and values to their members are rites of passage, of integration, and of enhancement (see Table 4.1).<sup>56</sup>

*Rites of passage* determine how individuals enter, advance within, or leave the organization. The socialization programs developed by military organizations or by large accountancy firms are rites of passage. Likewise, the ways in which an organization prepares people for promotion or retirement are rites of passage.

*Rites of integration*, such as shared announcements of organizational successes, office parties, and company cookouts, build and reinforce common bonds among organizational members. Westjet Airlines is well known for its efforts to develop ceremonies and rituals to bond employees to the organization by showing them that they are valued members.

A company's annual meeting also may be used as a ritual of integration, offering an opportunity to communicate organizational values to managers, other employees, and shareholders. Wal-Mart, for example, makes its annual stockholders' meeting an extravagant ceremony that celebrates the company's

**Table 4.1**  
**Organizational Rites**

Type of Rite	Example of Rite	Purpose of Rite
Rite of passage	Induction and basic training	Learn and internalize norms and values
Rite of integration	Office Christmas party	Build common norms and values
Rite of enhancement	Presentation of annual award	Motivate commitment to norms and values

success. The company often flies thousands of its highest-performing employees to its annual meeting at its Bentonville, Arkansas, headquarters for a huge weekend entertainment festival complete with performances by country and western stars. Wal-Mart believes that entertainment that rewards its supporters reinforces the company's high-performance values and culture. The proceedings are shown live over closed-circuit television in all Wal-Mart stores so that all employees can join in the rites celebrating the company's achievements.<sup>57</sup>

*Rites of enhancement*, such as awards dinners, newspaper releases, and employee promotions, let organizations publicly recognize and reward employees' contributions and thus strengthen their commitment to organizational values. By bonding members within the organization, rites of enhancement help promote clan control.

**STORIES AND LANGUAGE** Stories and language also communicate organizational culture. Stories (whether fact or fiction) about organizational heroes and villains and their actions provide important clues about values and norms. Such stories can reveal the kinds of behaviours that are valued by the organization and the kinds of practices that are frowned upon.<sup>58</sup>

McDonald's has a rich culture at the heart of which are hundreds of stories that organizational members tell about founder Ray Kroc. Most of these stories focus on how Kroc established the strict operating values and norms that are at the heart of McDonald's culture. Kroc was dedicated to achieving perfection in McDonald's quality, service, cleanliness, and value for the money (QSC&V); therefore, these four central values permeate McDonald's culture. One story told in McDonald's illustrates well how Kroc went about socializing McDonald's employees to these values.

One day Kroc and a group of managers were touring various restaurants. One of the restaurants was having a bad day operationally. Ray was incensed about the long lines of customers, and he was furious when he realized that the product customers were receiving that day was not up to his high standards. To address the problem, he jumped up and stood on the front counter and got the attention of all customers and operating crew personnel. He introduced himself, apologized for the long wait and cold food, and told the customers that they could have freshly cooked food or their money back—whichever they wanted. As a result, the customers left happy, and when Kroc checked on the restaurant later, he found that his message had gotten through to its managers and crew—performance had improved. Other stories describe Kroc scrubbing dirty toilets and picking up litter inside or outside a restaurant. These and similar stories are spread around the organization by McDonald's employees. They are the stories that have helped establish Kroc as McDonald's "hero."

Because spoken language is a principal medium of communication in organizations, the characteristic slang or jargon—that is, organization-specific words or phrases—that people use to frame and describe events provides important clues about norms and values. "McLanguage," for example, is prevalent at all levels of McDonald's. A McDonald's employee described as having "ketchup in their blood" is someone who is truly dedicated to the McDonald's way—someone who has been completely socialized to its culture. McDonald's has an extensive training program teaching new employees "McDonald's speak," and new employees are welcomed into the family with a formal orientation that illustrates Kroc's dedication to QSC&V.

The concept of organizational language encompasses not only spoken language but how people dress, the offices they occupy, the cars they drive, and the degree of formality they use when they address one another. Casual dress reflects and reinforces Microsoft's entrepreneurial culture and values. Formal business attire supports an accounting firm's conservative culture, which emphasizes the importance of conforming to organizational norms such as respect for authority and staying within one's prescribed role. Traders in the Chicago Futures and Options trading pits frequently wear garish and flamboyant ties and jackets to make their presence known in a sea of faces. The demand for magenta, lime green, and silver lamé jackets featuring bold images such as the Power Rangers—anything that helps the traders stand out and attract customers—is enormous.<sup>59</sup> When employees speak and understand the language of their organization's culture, they know how to behave in the organization and what attitudes are expected of them.

## Culture and Managerial Action

The way in which organizational culture shapes and controls employee behaviour is evident in the way managers perform their four main functions: planning, organizing, leading, and controlling. As we consider these functions, we continue to distinguish between top managers who create organizational values and norms that encourage creative, innovative behaviour and top managers who encourage a conservative, cautious approach by their subordinates. We noted earlier that both kinds of values and norms may be appropriate in different situations.

**PLANNING** Top managers in an organization with an innovative culture are likely to encourage lower-level managers to participate in the planning process and develop a flexible approach to planning. They are likely to be willing to listen to new ideas and to take risks involving the development of new products. In contrast, top managers in an organization with conservative values are likely to emphasize formal top-down planning. Suggestions from lower-level managers are likely to be subjected to a formal review process, which can significantly slow decision making. Although this deliberate approach may improve the quality of decision making in a nuclear power plant, it can have unintended consequences. In the past, at conservative IBM, the planning process became so formalized that managers spent most of their time assembling complex slide shows and overheads to defend their current positions rather than thinking about what they should be doing to keep IBM abreast of the changes taking place in the computer industry. When CEO Lou Gerstner took over, he used every means at his disposal to abolish this culture, even building a brand new campus-style headquarters to change managers' mindsets.

**ORGANIZING** What kinds of organizing will managers in innovative and in conservative cultures encourage? Valuing creativity, managers in innovative cultures are likely to try to create an organic structure, one that is flat with few levels in the hierarchy, and in which authority is decentralized so that employees are encouraged to work together to find solutions to ongoing problems. A product team structure may be very suitable for an organization with an innovative culture. In contrast, managers in a conservative culture are likely to create a well-defined hierarchy of authority and establish clear reporting relationships so that employees know exactly whom to report to and how to react to any problems that arise.

**LEADING** In an innovative culture, managers are likely to lead by example, encouraging employees to take risks and experiment. They are supportive regardless of whether employees succeed or fail. In contrast, managers in a conservative culture are likely to use management by objectives and to constantly monitor subordinates' progress toward goals, overseeing their every move. We examine leadership in detail in Chapter 9 when we examine the leadership styles that managers can adopt to influence and shape employee behaviour.

**CONTROLLING** As this chapter makes clear, there are many control systems that managers can adopt to shape and influence employee behaviour. The control systems they choose represent a choice about how they want to motivate organizational members and keep them focused on organizational goals. Managers who want to encourage the development of innovative values and norms that encourage risk taking choose output and behaviour controls that match this objective. In contrast, managers who want to encourage the development of conservative values choose the opposite combination of output and behaviour controls. They develop specific, difficult goals for subordinates, frequently monitor progress toward these goals, and develop a clear set of rules that subordinates are expected to adhere to.

The values and norms of an organization's culture strongly affect the way managers perform their management functions. The extent to which managers buy into the values and norms of their organization shapes their view of the world and their actions and decisions in particular circumstances.<sup>60</sup> In turn, the actions that managers take can have an impact on the performance of the organization. Thus, organizational culture, managerial action, and organizational performance are linked together.



## Management Insight

### An Opposing Point of View

Although management theory trumpets the benefits of management being supportive, having clear values, and treating employees fairly, the reality of what goes on in the Canadian workplace seems to be different.

In 2001 Health Canada conducted a “National Work-Life Conflict Study” to assess how well Canadians were doing in terms of balancing their work–life issues. The report is called “Voices of Canadians, a Work–Life Conflict Study.”

This report is not an academic study. Instead, it is a compilation of the comments of Canadian workers regarding how they feel about the stress they are facing in their daily lives as they seek to balance work and family.

Stress levels have increased as the work environment has changed in the last decade in response to downsizing, globalization, competitive pressures, and technological change. In addition, broader and fundamental changes in society and the family have contributed to the problems inherent in balancing competing responsibilities. The views of the individuals documented here underscore the degree to which all these changes have affected individuals at work, at home, and in their personal life.

These expressions of stress are drawn from the 10,000 comments provided by participants in Health Canada's 2001 National Work–Life Conflict Study. The survey covered workers in the public, private, and not-for-profit sectors in a wide range of large organizations across Canada.

Almost two-thirds of the comments are about the difficulty of achieving work–life balance, especially problems at the organizational level (which account for over 40% of the comments overall). A minority of the comments were positive.

By documenting people's responses in their own words, this report illustrates very clearly how people are often experiencing extreme levels of stress due to the conflict between work and home. This report therefore is a valuable record that provides first-hand insight into a burgeoning problem for individuals and organizations.

### **Organizational Problems: Non-Supportive Management**

Nine percent of all the comments (almost 25% of the comments in the organizational problem category) linked work–life conflict to the behaviour of managers in their organization. Men and employees without children were more likely to perceive their manager as non-supportive. Where do the majority of these types of problems arise? If one uses the relative number of comments as an indicator, the majority of employees (approximately 70%) were frustrated with the behaviour of their immediate manager. The rest (around 33%) felt that upper management was the source of the work–life balance problems they were experiencing within their organization. How do managers make balance more difficult? The comments suggest the following mechanisms:

- Immediate manager does not treat the employee with respect
- Managers do not see their people-management role as a priority
- Immediate manager acts as a barrier to the use of supportive policies
- A lack of leadership at the top

Taken together, these comments support the idea that employees often do not leave an organization; rather, they leave bad management.

### **Immediate Manager Does Not Treat the Employee with Respect**

“My manager is the source of much of my stress. He likes to point out your mistakes in front of others. He has no respect for his employees. He puts down his peers in front of his employees. If you take time off for your child's doctor's appointment, you had better make up every minute. His values are not the same as the company's—his actions are different than his words. He has no compassion for his employees or their families.”

“Our director is a dictator! This man has no skills with people. It's all his way or the highway.”

“At times I feel as if I am a child and my manager is my babysitter. I wish to be treated as an adult, respected as an adult who is responsible, and a good worker who will put in my hours as required. When I'm late, I'll give up my breaks. If I'm early, I may take an extra few minutes at lunch. My manager needs to recognize that I'm not out to screw my employer—they are my livelihood.”

### **Managers Do Not See Their People-Management Role as a Priority**

“Managers absolutely need to accept their management role as a priority. Work satisfaction depends on effort and organizational support. If leaders

don't take time to support their employees by encouraging, discussing, and rewarding (positive strokes), then there will be work unbalance. Leadership is critical to balance.”

“The wrong people get placed in management positions and are not carefully enough screened for their people-management skills. A lot of the managers have been around since the 1970s and 1980s and haven't realized that times have changed. Most of our managers at all levels need training on how to manage people.”

### **Immediate Manager Acts as a Barrier to the Use of Supportive Policies**

“Technically speaking, we have flex hours and compressed days—but when we ask for them our manager always uses ‘operational requirements’ as an excuse for turning us down.”

### **Lack of Leadership at the Top**

“I love my job, but I can't recommend it to anyone. My immediate supervisor is great, but upper management seem basically incompetent to me. Many are interested only in administrative details and self aggrandizement. Nobody seems concerned with the job, and helping staff is the furthest thing from their minds. It is a rare thing indeed to see anyone at the top walk the talk.”

“Work would be much less stressful if the management were qualified to lead. There is no sense that there is a captain of this ship or that anyone knows which direction we are going.”

Certainly there are many examples of good management out there, but as this report indicates, the bad examples are missing opportunities to become more effective. These opportunities could be taken if there was an enthusiastic group of well-balanced team members waiting to take on the challenge.<sup>61</sup>

## Summary and Review

**PERSONALITY TRAITS** Personality traits are enduring tendencies to feel, think, and act in certain ways. The Big Five general traits are extraversion, negative affectivity, agreeableness, conscientiousness, and openness to experience. Other personality traits that affect managerial behaviour are locus of control, self-esteem, and the needs for achievement, affiliation, and power.

**VALUES, ATTITUDES, AND MOODS AND EMOTIONS** A terminal value is a personal conviction about lifelong goals or objectives; an instrumental value is a personal conviction about modes of conduct. Terminal and instrumental values have an impact on what managers try to achieve in their organization and the kinds of behaviours they engage in. An attitude is a collection of feelings and beliefs. Two attitudes important for understanding managerial behaviours include job satisfaction (the collection of feelings and beliefs that managers have about their jobs) and organizational commitment (the collection of feelings and beliefs that managers have about their organization). A mood is a feeling or state of mind; emotions are more intense feelings. Managers' moods, or how they feel at work on a day-to-day basis, have the

potential to impact not only their own behaviour and effectiveness but also their subordinates. Emotional intelligence is ability to understand and manage one's own and other people's moods and emotions.

**ORGANIZATIONAL CULTURE** Organizational culture is the set of values, norms, standards for behaviour, and shared expectations that influence the ways in which individuals, groups, and teams interact with each other and cooperate to achieve organizational goals. Founders of new organizations and managers play an important role in creating and maintaining organizational cultures. Ethical organizational cultures are those in which ethical values and norms are emphasized. Ethical organizational cultures can help organizations and their members behave in a socially responsible manner.



# Management in Action

## Topics for Discussion and Action

1. Discuss why managers who have different types of personalities can be equally effective and successful.
2. Interview a manager in a local organization. Ask the manager to describe situations in which he or she is especially likely to act in accordance with his or her values. Ask the manager to describe situations in which he or she is less likely to act in accordance with his or her values.
3. Can managers be too satisfied with their jobs? Can they be too committed to their organizations? Why or why not?
4. Assume that you are a manager of a restaurant. Describe what it is like to work for you when you are in a negative mood.
5. Why might managers be disadvantaged by low levels of emotional intelligence?
6. Why might managers do things that conflict with their own ethical values?
7. Describe a situation in which a co-worker or manager behaved poorly. How did you handle it? What would you do differently next time?



## Building Management Skills

### Diagnosing Culture

**Think about the culture of the last organization you worked for, your current university, or another organization or club to which you belong. Then, answer the following questions:**

1. What values and norms are emphasized in this culture?
2. Who seems to have played an important role in creating the culture?
3. How does the culture address the needs of different stakeholder groups?

## Small Group Breakout Exercise

### Making Difficult Decisions in Hard Times

**Form groups of three or four people, and appoint one member as the spokesperson who will communicate your findings to the whole class when called on by the instructor. Then discuss the following scenario.**

**Y**ou are on the top-management team of a medium-size company that manufactures cardboard boxes, containers, and other cardboard packaging materials. Your company is facing increasing levels of competition for major corporate customer accounts and profits have declined significantly. You have tried everything you can to cut costs and remain competitive, with the exception of laying off employees. Your company has had a no layoff policy for the past 20 years and you believe it is an important part of the

organization's ethical culture. However, you are experiencing mounting pressure to increase your firm's performance and your no-layoff policy has been questioned by shareholders. Even though you haven't decided whether to lay off employees and thus, break with a 20-year tradition for your company, rumours are rampant in your organization that something is afoot and employees are worried. You are meeting today to address this problem.

1. Develop a list of options and potential courses of action to

address the heightened competition and decline in profitability that your company has been experiencing.

2. Choose your preferred course of action and justify why you will take this route.
3. Describe how you will communicate your decision to employees.
4. If your preferred option involves a layoff, justify why. If it doesn't involve a layoff, explain why.

## Exploring the World Wide Web

**F**ind the Web site of a company that is undertaking initiatives to enhance levels of job satisfaction or

organizational commitment among employees. What are those initiatives? Do you think they will be suc-

cessful in promoting job satisfaction or organizational commitment? Why or why not?

## You're the Management Consultant

**L**arry Brown is the founder of "Brownstones Bricks," a company that produces bricks for home and commercial construction. Larry read an article about successful organizations that have founders and leaders that exemplify strong moral and family values to their employees. He read that these leaders tried to instill these values in their employees so that business practices were consistent with good values.

Larry made a list of values that he thought his employees should

have regarding attitudes to their families, balancing work and home life, having integrity in their dealings with customers, and being committed to the "Brownstone" way of doing things. Larry studied the best of the best and came up with the persona he thought he should have with his employees.

Larry then began to live the life he had designed. He invested many hours and many dollars convincing his employees that his perfect persona was something they should strive to achieve. He made himself a

hero in their eyes.

Unfortunately, this persona doesn't fit Larry completely. In his secret life he has a gambling problem, a drinking problem, and he has recently become involved in a very unscrupulous business deal involving buying favours from a political party. Larry's secret life was discovered by a newspaper reporter who has called Larry for an interview. The story will be published in seven days.

Advise Larry on what to do.

## Cases in the News

### Warm and Fuzzy Won't Save Procter & Gamble

**P**rocter and Gamble Co. employees, particularly those in management, are breathing a sigh of relief. "Crazy Man Durk"—known to the outside world as Durk I. Jager, CEO and chairman—is out, having resigned under pressure from the board. "Gentleman John" E. Pepper, P&G's CEO until 1998, and Alan "A.G." Lafley, a man known for his people skills, are in charge. Who says nice guys finish last?

Unfortunately, the elation at one of the nation's biggest packaged-goods producers is destined to be short-lived. For all his abrasive ways—and his failure, in 17 months at the helm, to bring about a real turnaround—Jager may have been the company's best hope for recovery. Without him, P&G is likely to remain an entrenched bureaucracy with the same bottom-line problems it has struggled with for a decade.

At first blush, P&G does not look like a company on the road to

recovery. Jager recently conceded that he would not fulfill his promise of a 15 percent growth in profits for the quarter, and P&G will fall below target the next two quarters as well. And since January, shares have collapsed from \$118 to \$56.

#### Not Enough

Egged on by a short-term-minded Wall Street, however, P&G pulled the plug too soon on what could have been the company's turnaround. Jager had less than two years to implement massive changes in a rigidly structured company. That was clearly not enough.

While major brands such as Tide, Ivory, and Pampers may have shown only meager growth, Jager had some successes. The purchase of Iams premium dog food, for example, is looking like a hit. P&G took this \$800 million private brand and began shipping it to its

vast array of supermarket customers. Market share has grown; sales should hit \$1 billion for the year ending in June. Says Jim Holbrook, a P&G alum and now president of the Zipatoni Group consulting firm: "This is a high-margin, high-turn business, and Jager saw a way to take it to the mass market."

Dog food is not the only bright spot. Jager also wins praise from otherwise critical analysts for creating global identities for his brands while still allowing local execs to determine marketing tactics. The practice is showing some promise in North America. In recent months, P&G has won back market share in hair care, detergent, and toilet paper lines. "He changed the company from one that was inwardly focused on cost efficiencies to one outwardly focused on gaining global market share," says William Steele, an analyst at Bane America Securities.

To achieve this, Jager, confronting a roster of old-line, slow-growing products, became almost obsessed with new-product development. He ramped up R&D, cut in half the time it took P&G to introduce new products, and doubled the rate of launches. It took Jager's P&G 18 months instead of the typical three years to launch Swiffer, its electrostatic dust mop. The first year out, P&G sold a stunning \$400 million worth.

All this required Jager to attack what is probably P&G's most serious problem: its entrenched, risk-averse culture. He torpedoed the old-fashioned international network of 144 regional managers and reorganized the company into seven global business units built around product lines. That process broke up decades-old fiefdoms and gave P&G the ability to respond more quickly and efficiently to global trends. The move was praised by customers such as Wal-Mart Stores. He also encouraged managers to leave behind the company's traditional consensus management, to be more innovative, and to take more risks.

Unfortunately for Jager, the benefits of this restructuring have not worked their way to the bottom line yet. The investments in acquisitions, research and development, and marketing of new products all hit earnings hard. To counterbal-

ance all the spending, plans to cut 15,000 jobs and close 10 plants were in progress. But they were not expected to produce savings until 2001. In the face of his extensive cash outlays, however, Jager made a major error by promising Wall Street double-digit earnings gains by this spring. It was the second time in his short reign that he failed to meet expectations—unforgivable by today's market standards.

Some of this might have been overlooked if Jager had been a different man, certainly if he had been a different leader. He didn't play up to Wall Street analysts or investors, and his abrasive style cost him support from managers and rank-and-file employees. Many of them have the added power of being company stockholders.

### **“By Your Sword”**

In the consensus-building atmosphere of P&G, lack of popular support is the kiss of death, says John Bissell, a former P&G brand manager now at Gundersen Partners, a management consulting firm. “If you are a well-liked member of the management community, you're given some leeway if you make a mistake or two,” he says. “But if you are disliked and people are rebelling under your leadership, you live and die by your sword.”

By the end, the combination added up to a corporate rejection

of Jager and everything he stood for—even to the most petty detail: While other ex-chiefs such as Edward Arnst and John Pepper maintained offices at Cincinnati headquarters, Jager will get no such perk. The P&G establishment wants him gone. With him will go much of the change that could eventually have made a difference.

Now, P&G is in what can only be described as retreat. Lafley has already said the company changed too much, too fast, and he plans to reverse the trend. A dozen new product launches already on the calendar are being reconsidered, he says. Pepper—who stepped aside two years ago when management decided new, tough changes were called for—is also back. But revisiting the good old days of the 1990s at P&G isn't much of a formula for growth either.

*Source:* Ellen Neuborne and Robert Berner, “Warm and Fuzzy Won't Save Procter & Gamble,” *Business Week*, June 26, 2000, pp. 48–49.

## **Questions**

1. What were the values and norms in Procter & Gamble's culture before Jager? How did they affect its performance?
2. How did Jager change Procter & Gamble's culture? Why was he forced out of the company?
3. How has Procter & Gamble been performing recently?

## **Cases in the News**

### **Savaged by the Slowdown: How Families Are Coping—or Not—with the Fallout**

**U**ntil the downturn, 40-year-old Steve Jackson's blood pressure was an ultralow 105 over 60. After surviving a plane crash in 1984, in which his United Air Lines 727 hit a radio tower on takeoff and ripped the fuselage under his seat,

he nonchalantly boarded the next available flight. Seemingly unflappable, his family and friends thought of him as a cool-hand Luke.

Until the night of February 15, when Jackson stared at the news on the computer screen in his clut-

tered Chapel Hill office and couldn't believe what he saw. Jackson, a university research coordinator for Nortel Networks Corp., had always thought of his Nortel options as a reward for the lean years when he and his wife lived in a two-window

dump so dark it killed the plants. But news that Nortel would miss earnings was sending the stock into a tailspin, one that ultimately wiped out his one-time, million-dollar fortune and left him with a \$400,000 tax bill on money he would never see. Turns out that by hanging on to the shares after he exercised the options instead of selling, Jackson had triggered the alternative minimum tax. That move, in turn ended up destroying his kids' college savings and the family's net worth.

At first, Jackson had trouble keeping food down. Then he could not sleep. Acne sprouted all over his face. His doctor prescribed Valium, which Jackson says he ate "like M&Ms." To cope with the debt, he took a second mortgage on his house which he says he'll be lucky to keep, and another job as an electrician's assistant on the night shift, paying \$20 an hour. "It's like Kafka," says Jackson, who worries when his phone rings that it's a lay-off call. "Work-family balance? I have no balance. From the moment I wake up until I fall asleep, this problem consumes me."

The downturn has done plenty of damage, ravaging market caps, decimating earnings, and extinguishing all sorts of entrepreneurial dreams. Less visible has been the slowdown's effect on families. As companies gear up for what is predicted to be a third round of job cuts this fall, economists say unemployment could rise to 5 percent by early next year.

### **Fantasy World**

Not that those who are still employed are without their worries. Businesses across the country are saddling their reduced ranks with bigger workloads, causing stress levels to spike beyond their boom-time levels. They are also cutting bonuses, which will likely leave many families strapped, having

financed their luxury lifestyles on the extra compensation. Already, some boomers are angry about being unable to afford retirement, while many elderly are disappointed about derailed plans to move into posh, concierge-equipped retirement communities. These downbeat expectations for the near term appears to be catching up with consumers, who sent the Conference Board's confidence gauge down two points in August to a two-month low. "Almost any market indicator you look at points to significant and increasing amounts of stress on households," says Mark M. Zandi, chief economist at researcher Economy.com. "And I get no sense that it's going to come to an end any time soon."

Employee assistance and outplacement professionals say this dampened outlook, coupled with dwindling severance packages, are causing new and disturbing tensions among employees and their families, especially now that Corporate America's paternalism has largely vanished. "The downturn is now hitting them very hard," says Richard A. Chaifetz, chairman and CEO of Compsych, the world's largest privately held employee assistance firm, whose clients include American Express, J.P. Morgan, and Krispy Kreme.

Indeed, Chaifetz says Compsych is receiving record levels of calls for help from employees and their families. Since the downturn, counselors say they have seen a marked increase in "crisis calls" involving problems such as online affairs, addictions in adolescents, and spousal abuse (which counselors say is occurring more and more against men). "People feel like they had the rug pulled out from under them," says Chaifetz. "They were living in a fantasy world."

Now, they're finding out how harsh reality can be. Sure, plenty of families stashed it away during the boom, protecting themselves from the economic whiplash. Others, who haven't suffered a layoff or a big economic reversal, are humming along just fine. In fact, these sorts of families have helped support what until recently has been a surprisingly upbeat mood among customers. But Economy.com's Zandi warns that the number of families feeling the strain may well grow over the coming months. That's largely because Americans are sitting on huge piles of debt. Delinquencies on car loans and credit cards are at or near record levels, as are those on mortgages for lower-income homeowners. Household debt service has also hit an all-time high, along with personal bankruptcies (charts). And for those who still have jobs, their incomes, hours, and bonuses, like those of executives at Ford Motor Co. and Sun Microsystems Inc., are being cut.

These financial troubles are not being lost on companies. Human resource professionals figure that when workers worry about family finances, they waste 13 percent of the workday on calling creditors and other distractions. Money woes also lead to medical problems, lower productivity, more absenteeism, and accidents. Indeed, research shows that family members who survive a layoff face workplaces that are more stressful, political, and cutthroat than before the downsizing, leaving them with even less time for family. Some employee assistance firms have added financial counseling, as well as survivor seminars, to their offerings to help workers cope.

Nowhere is that help needed more than in the Bay Area, where the jobless rate has jumped from 1.7 percent in January to a recent 4.7 percent. During the boom, the

lines at Frankie Johnnie & Luigi's in Mountain View, CA, were two blocks long, filled with dot-commers celebrating stock prices over the sausage bread and salami strombolis. Today, only a small clump waits to get in. Instead, the long lines are forming across the railroad tracks at the nonprofit food bank, Community Services Agency.

### Priorities

Each morning, about 75 or so laid-off high-tech workers line up for the 10 AM opening, when they can get bread, butter, and milk—when it's available. Last year, most of the agency's clients were low-income workers who showed up in their fast-food uniforms. Today, it's laid-off dot-commers in khakis, especially single parents and those fresh out of college. "The kind of people we're seeing has drastically changed," says Tom Myers.

Some who have suffered huge reversals are finding the crisis can help them set new priorities, like the ex-dot-com CEO who postponed having kids during the boom, only to realize now that she really does want a family, even though she and her husband lost their millions and can barely afford the rent. But mostly, the newly jobless and suddenly unwealthy are distressed, and they are flocking to newly formed support groups, like Transitions at Mountain View's St. Timothy's Episcopal Church. Members participate in role-playing exercises, where some of the downturn-induced family pressures are vented and worked through.

Leading the sessions is James Thomas, a minister and Jungian analyst who likens the pain of the families he sees to those he counseled in the 1980s through the Oklahoma oil crisis, when the suicide rate got so high the state started a gun-giveback program. "People held on for a couple of months in Oklahoma before they crashed and burned," Thomas says. "It's déjà vu here."

### Angry and Afraid

Group member Ivan Temes, who has had a 30-year career in Silicon Valley in consumer support at stalwarts such as Levi Strauss & Co. and Apple Computer Inc., has no trouble believing that. Temes has been laid off before, but the most recent downsizing, from Internet privacy company Privada Inc., was the worst, coming with no warning, no benefits, and no severance. His wife is angry and afraid, especially since the family has run through its savings and Temes recently called about food stamps. Their 6-year-old son, Joshua, also feels the financial fear. Recently, when Temes was on the way out the door, he recounts, he needed some change and asked Joshua for a quarter. Running out of the room, Joshua waved a bill in his hand, shouting excitedly, "Here, Daddy—here's a dollar." Says Temes: "He gets what is going on."

Temes is hoping his next job will last long enough for the family to regain its footing. But with hiring-and-firing frenzies a part of the new employment landscape, get-

ting a new job doesn't mean the end of uncertainty. No one knows that better than George deWalder, a specialty-materials manager in Mocksville, N.C. The 55-year-old has been a casualty of serial layoffs, losing nine jobs in 10 years, a volatility he says nearly ruined his relationship with his 23-year-old son. He also blames the downsizings for playing a role in the end of his 28-year marriage to a woman he still loves but who couldn't take the roller coaster. "I wouldn't wish her on me, either," he says. It didn't make things any easier, he adds, that she worked for SAS Institute—a company that never lays off workers. "In all my times of job hunting, I've never seen it this bad," deWalder says. Lately, he says, he has begun to ask himself: What's the point?

Others who made and lost fortunes, who got and lost promotions, who were and then weren't CEOs, are asking themselves the same question. For many families in the downturn, all the euphoria on the way up is being followed by equal doses of pain on the way down.

*Source:* M. Conlin, "Savaged by the Slowdown: How Families Are Coping—or not—With the Fallout," *Business Week*, September 17, 2001, pp. 74–77.

### Questions

1. What obligations do organizations have to employees and their families when times are tough due to economic downturns?
2. Do these obligations apply to all members of an organization equally? Why or why not?

