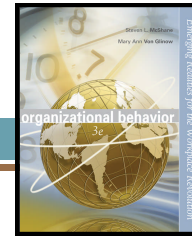


# CURRENTS

Organizational Behavior Developments in Research and Practice

A Newsletter for Teachers of Organizational Behavior,  
written by Steve McShane of Organizational Behavior, Third Edition.



## GM Restructures IT Around the Matrix

In the late 1990s, General Motors wanted to regain control of its information technology (IT) function, which had been outsourced years earlier. So, when Ralph Szygenda became the automaker's first corporate chief information officer, he didn't have many chairs to move around. "There weren't any IT people to speak of; there was no IT leadership," Szygenda recalls. "How do you transform that?"

To put Szygenda's challenge in perspective, GM's IT services has a budget of over \$4 billion and employs more than one thousand staff and contractors. To rebuild this mammoth operation, Szygenda hired several IT managers and organized them into a matrix structure around both geography and processes. This structure is illustrated in the exhibit on this page.

The processes dimension of the matrix structure is led by five process information officers (PIOs), each of whom is responsible for specific IT processes around the world, such as product development and supply chain management. PIOs report only to the corporate CIO.

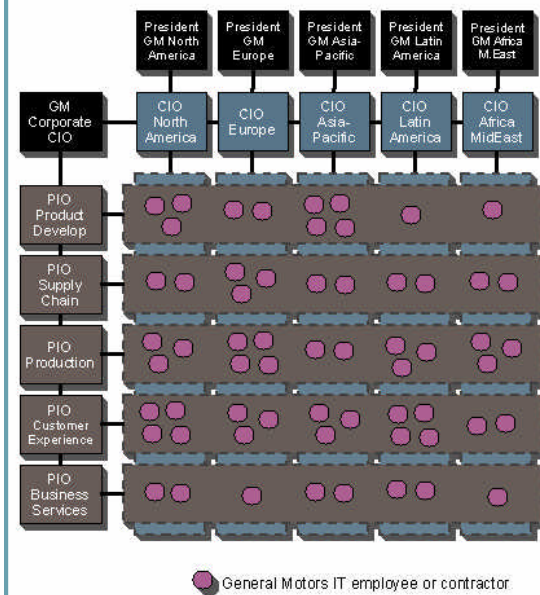
The geographic dimension is led by five regional chief information officers (CIOs) who are responsible for IT functions in each of General Motors' five regions around the world. These CIOs report to both GM's corporate CIO (Szygenda) and to the heads of their respective geographic business division (e.g., the North American CIO reports to Szygenda as well as to the President of GM North America). Because they work closely with GM's regional executives and understand their priorities, the regional CIOs control the region's IT budget. This means that GM's PIOs compete with each other for financial resources towards IT projects in their specialization.

GM leaders have found that this IT matrix gives equal voice to different perspectives, which generates a creative tension and produces better decisions. "Every PIO thinks they're the most important, [but] we can't afford everything," says Dan McNicholl, CIO for GM North America.

"It's important to have creative tension," he adds. "When you don't have that cross-pollination [created by CIOs and PIOs], you lose that broader view."

The matrix structure has been so successful in GM's IT services that the senior executive group of the entire company is moving towards a matrix design. However, Szygenda is aware that matrix structures create management challenges. "The matrix bothers a lot of people," he acknowledges.

### General Motor's Matrix Structure for Information Technology



To minimize potential problems, Szygenda carefully selected CIOs and PIOs who have a good team-orientation and can tolerate the competitive-collaborative tension generated by the matrix. He also holds weekly meetings where CIOs and PIOs can air their disagreements.

Source: Adapted from E. Prewitt, "GM's Matrix Reloads," CIO Magazine, September 2003.

## Separating Constructive from Socioemotional Conflict

One of the most widely held views in organizational behavior is that constructive conflict – also known as task-related conflict – improves team decision making. Constructive conflict occurs when team members debate their different perceptions about an issue in a way that keeps the conflict focused on the task rather than people. The main argument is that constructive debate tests the logic of arguments and encourages people to re-examine their basic assumptions about the problem and its possible solution.

In contrast, socioemotional conflict – also known as relationship conflict – is usually harmful to teams and organizations. Socioemotional conflict occurs when individuals perceived tension and frustration about their differences with others, particularly at a level of personal values and self-worth. Under these conditions, the conflict episode becomes so emotionally charged that each party becomes defensive and competitive toward the other. Communication and information sharing tend to diminish under these circumstances, resulting in less effective team decisions and dynamics.

The obvious solution, as past writers have recommended, is to encourage constructive conflict and minimize socioemotional conflict. But, as we described in *Organizational Behavior*, 3rd Edition, this isn't as easy as was previously assumed. A recent meta-analysis reported that both constructive and socioemotional conflict are negatively related to team performance and satisfaction. This likely occurs because the two types of conflict are highly correlated with each other. Apparently, most task-related conflict produces negative emotions that interfere with interpersonal relationships among team members. People might make better decisions through constructive debate, but the emotions generated through this process undermine how well they work together after the debate is over.

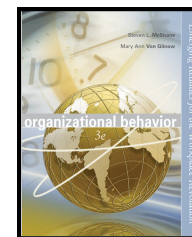
Although constructive and socioemotional conflict are more tightly coupled than we once thought, a recent paper has identified three strategies to reduce the adverse effects of socioemotional conflict while engaging in constructive debate: high emotional intelligence, strong cohesion, and supportive team norms.

**1. High Emotional Intelligence.** Socioemotional conflict is less likely to occur, or is less likely to escalate, when team members have high levels of emotional intelligence. *Organizational Behavior*, 3rd Edition, describes emotional intelligence in Chapter 4 (pp. 119-121) as the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others. Emotionally intelligent employees are better able to regulate their emotions during debate, which reduces the risk of escalating perceptions of interpersonal hostility. People with high emotional intelligence are also more likely to view a coworker's emotional reaction as valuable information about that person's needs and expectations, rather than as a personal attack. Thus, leaders should hire team members with high emotional intelligence or introduce strategies to develop this set of competencies in current staff.

**2. Strong Cohesion.** Socioemotional conflict is also less likely to arise from constructive conflict when the team is psychologically cohesive. The longer people work together, get to know each other, and develop mutual trust with each other, the more latitude they give to each other to show emotions without being personally offended. Strong cohesion also allows each person to know about and anticipate the behaviors and emotions of their teammates. Another benefit is that cohesion produces a stronger social identity with the group, so team members are motivated to avoid escalating socioemotional conflict during otherwise emotionally turbulent discussions.

**3. Supportive Team Norms.** Third, various team norms can hold socioemotional conflict at bay during constructive debate. When team norms encourage openness, for instance, team members learn to appreciate honest dialogue without personally reacting to any emotional display during the disagreements. Other norms might discourage team members from displaying negative emotions toward coworkers. Team norms also encourage tactics that diffuse socioemotional conflict when it first appears. For instance, research has found that teams with low socioemotional conflict use humor to maintain positive group emotions, which offsets negative feelings team members might develop toward some coworkers during debate.

The benefits of constructive conflict might not be as risk-free as past literature has suggested. Yet, there is some hope that teams with high emotional intelligence, strong cohesiveness, and supportive team norms, can leverage the benefits of task-related debate while suppressing socioemotional conflict and its dysfunctional consequences.



Sources: J. Yang and K. W. Mossholder, "Decoupling Task and Relationship Conflict: the Role of Intragroup Emotional Processing," *Journal of Organizational Behavior*, 25 (2004), pp. 589-605;

C. K.W. De Dreu and L. R. Weingart, "Task versus Relationship Conflict, Team Performance, and Team Member Satisfaction: A Meta-Analysis," *Journal of Applied Psychology*, 88 (August 2003), pp. 587-604.

# Decision Making, Holyrood Style

No, it's not a spelling mistake (for "Hollywood"). Holyrood is the site of Scotland's new parliament building. Four hundred years after the union of Scottish and British governments (remember the movie Braveheart?), Scotland now has a semi-autonomous body of lawmakers linked to the UK parliament. And one of the first decisions of Scotland's leaders was to build a home for the new parliament.

In 1997, when the new Scottish parliament building was first proposed, a committee estimated that the new structure could be completed in 2001 at a maximum cost of £40 million (US \$73 million). Instead, Scotland's new parliament building was completed this year (2004) at a cost of well over £400 million (US \$720 million).

Organizational Behavior, 3rd Edition (p. 245) briefly describes the Holyrood parliament building debacle as a classic tale of escalation of commitment, particularly of saving face and gambler's fallacy. Yet, there are several other elements of this story that makes it worthy of a great case study. In particular, the decision-making process was also marred by wayward team decision making (committees making decisions beyond their authority), communication filtering (civil servants were reluctant to reveal total costs to elected officials), and questionable competence of key decision makers.

**Holyrood Case Study Resources**  
Fortunately, several online resources make it possible to turn the Holyrood parliament building story into an detailed case study where students review original documents and watch an excellent one-hour BBC video program. All of these resources are currently available online to the public. However, we do not know how long they will remain for public access, so please confirm the web sites below before distributing this assignment.

## Holyrood Inquiry Report.

A special inquiry set up to investigate the reasons behind Holyrood's budget blowout submitted its final report in September 2004. Student teams can review this report, which is available in its entirety online, along with transcripts of testimony and related documentation. [www.holyroodinquiry.org](http://www.holyroodinquiry.org)

## BBC Scotland Documentary.

BBC has produced an excellent documentary on the causes of the Holyrood Parliament's cost overruns. The one-hour program reveals many of the organizational problems behind the project and replays some of the critical testimony during the recent inquiry. The entire BBC documentary is available publicly online as a streaming RealVideo in both broadband (DSL/cable) and narrowband (dial-up) quality.

<http://news.bbc.co.uk/1/hi/scotland/3644318.stm>

## Broadband link:

[http://www.bbc.co.uk/scotland/media/demand/news/bb/nw\\_holyrooddocu\\_mon\\_16x9\\_bb.ram](http://www.bbc.co.uk/scotland/media/demand/news/bb/nw_holyrooddocu_mon_16x9_bb.ram)

## Narrowband Link:

[http://www.bbc.co.uk/scotland/media/demand/news/nb/nw\\_holyrooddocu\\_mon\\_16x9\\_nb.ram](http://www.bbc.co.uk/scotland/media/demand/news/nb/nw_holyrooddocu_mon_16x9_nb.ram)

## BBC Overview of Holyrood Inquiry.

BBC has a special web site devoted to the Holyrood parliament building story, including four web pages of testimony in the recent government inquiry. The link below takes you to "Part 1" of the BBC site. Click the link under the top photo on this page to connect to "Part 2" and so on. [news.bbc.co.uk/1/hi/scotland/3619533.stm](http://news.bbc.co.uk/1/hi/scotland/3619533.stm)

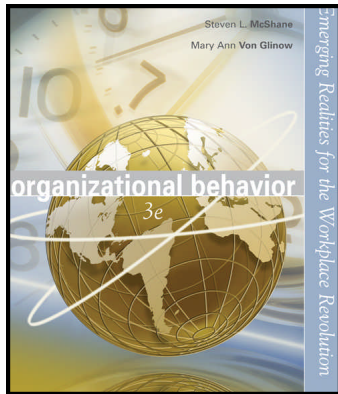
## Scotland's Auditor General Reports.

Scotland's Auditor General issued two reports (in 2000 and 2004) on the Holyrood budget overrun. These reports provide additional insight into the organizational behavior problems behind the events.

<http://www.audit-scotland.gov.uk/publications/pdf/2000/00g01ag.pdf>

<http://www.audit-scotland.gov.uk/publications/pdf/2004/04pf07ag.pdf>





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## Additional Cases Available Online

Case studies help students to develop their critical thinking and analytic skills. That's why Organizational Behavior 3/e includes more than two dozen cases – at least one at the end of each chapter and several more in the “Additional cases” section of the textbook. Still, instructors tell us that they would value a large repository of cases so students are assigned different cases each year.

We are pleased to announce that over two dozen cases (as well as several team exercises) have recently been added to the Online Learning Center (OLC) for Organizational Behavior 3/e. The student OLC allows students to download these cases in pdf file format. The password-protected instructor OLC provides both the cases and teaching notes in pdf file format. The instructor OLC also identifies the relevant organizational behavior chapters and topics for each case.

This online resource consists of cases and exercises that either appeared in earlier editions of Organizational Behavior, or in current or past editions of Organisational Behaviour on the Pacific Rim (by Steve McShane & Tony Travaglione) and Canadian Organizational Behaviour (by Steve McShane). As you might expect, many of the cases have international content, such as “Western Agencies Ltd.” (Vancouver, Canada) and “Ponsonby Pies” (Auckland, New Zealand). Approximately half of the cases have a U.S. context (such as “Hilton’s Transformation”) or no specific location (“Steelfab, Inc.”). The cases vary in length from a few paragraphs to several pages and represent a variety of OB topics.