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

# Learning Objectives

**After studying this chapter, you should be able to:**

1. Describe the various personality traits that affect how managers think, feel, and behave. **(LO1)**

2. Explain what values and attitudes are and describe their impact on managerial action. **(LO2)**

3. Appreciate how moods and emotions influence all members of an organization. **(LO3)**

4. Describe the nature of emotional intelligence and its role in management. **(LO4)**

5. Define *organizational culture* and explain how managers both create and are influenced by organizational culture. **(LO5)**

# Management Snapshot
## A Culture of Care

### How Can Managers Promote Organizational Growth and Effectiveness While Sustaining a Caring Culture?

PAETEC Communications is a privately owned broadband telecommunications company that provides local, long distance, and Internet services in 29 markets across the United States.[1] When PAETEC was founded in 1998, it had less than 20 employees and revenues of only $150,000; today, it has approximately 1,200 employees and over $500 million in revenues.[2] Moreover, this phenomenal rate of growth occurred during a period when the telecommunications industry lost over 500,000 jobs.[3]

PAETEC's growth and ongoing success are a tribute to the values of its five founders and the culture they created. In particular, Arunas Chesonis, one of the founders and its current CEO, ensures that PAETEC's values are upheld by using them to guide the way he manages on a day-to-day basis. The four core values of PAETEC are "a caring culture, open communication, personalized solutions, and unmatched service and support."[4] The ways in which these values are enacted on a daily basis result in a satisfied, motivated, and loyal workforce whose members have developed a unique and distinct approach to the way they perform their jobs.[5]



PAETEC founder and current CEO Arunas Chesonis believes that when a company takes good care of its employees, they will take good care of their customers.

An overarching principle at PAETEC is "Employees come first."[6] This does not mean that PAETEC doesn't care about customers; nothing could be further from the truth. Chesonis believes that when a company takes good care of its employees, they will take good care of their customers. For Chesonis, putting employees first means helping them attain a well-balanced and prosperous work and family life, providing them with deserved recognition and admiration, and fostering open communication and helping behavior.[7] Chesonis also believes that all employees should be treated with respect and as equals. Managers at PAETEC do not receive special perks, and pay differentials between managers and nonmanagers are deliberately kept relatively low. In recognition of its commitment to its employees and ethical action, PAETEC received the American Business Ethics Award for midsize companies in 2005.[8]

Chesonis takes daily walks around PAETEC's headquarters in Fairport, New York, talking with employees, answering questions, and recognizing accomplishments. Accomplishments are also recognized through two kinds of special awards, Maestro Awards and Chairman Awards. Maestro Awards of stock options are given to recognize outstanding employee accomplishments. Employees who have sustained levels of exceptional performance receive the Chairman Award, a $5,000 award that might include a Rolex watch or a luxury vacation. The contributions of employees are recognized with an annual bonus based on individual and firm performance;[9] in 2006, PAETEC paid out around $4.46 million in bonuses to employees based on their and the company's performance during 2005.[10]

Chesonis also nurtures a culture of care, cooperation, and open communication in which every employee voluntarily offers help when it is needed.[11] Employees are expected to share their knowledge, and Chesonis strives to eliminate boundaries between departments and units. True to this culture, Chesonis has a companywide conference call every two weeks in which he shares up-to-date information with employees and solicits and answers their questions. More often than not, the information he conveys is the kind that managers in other companies rarely, if ever, would share with their employees.[12]

Chesonis's values and PAETEC's culture emphasize putting employees first; this employee-centered approach makes good business sense. Employees at PAETEC really want the company to continue to grow and succeed; they are highly motivated and committed to providing the best service they can to their customers.[13]

## Overview

Like people everywhere, Arunas Chesonis has his own distinctive personality, values, ways of viewing things, and personal challenges and disappointments. 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 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 culture in particular.

# Enduring Characteristics: Personality Traits

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

**LO1** Describe the various personality traits that affect how managers think, feel, and behave.

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 personality of every individual. It is important to understand the personalities of managers because their personalities influence their behavior and their approach to managing people and resources.
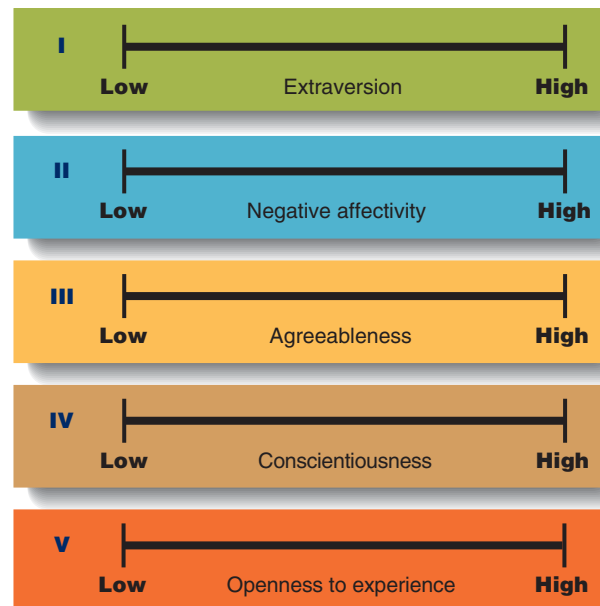
Some managers, like Procter & Gamble's former chairman Edwin Artzt, are demanding, difficult to get along with, and highly critical of other people.[14] Other managers, like Southwest Airlines' former CEO Herb Kelleher, may be as concerned about effectiveness and efficiency as highly critical managers but are easier to get along with, are 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. Indeed, research suggests that the way people react to different conditions depends, in part, on their personalities.[15]

## 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.[16] Researchers often consider these the Big Five personality traits.[17] Each of them can be viewed as a continuum along which every individual or, more specifically, every manager falls (see Figure 2.1).

**Figure 2.1**
**The Big Five Personality Traits**



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

I    Low    Extraversion    High

II    Low    Negative affectivity    High

III    Low    Agreeableness    High

IV    Low    Conscientiousness    High

V    Low    Openness to experience    High

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 the 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.

**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 limited time. See Figure 2.2 for an example of a scale that can be used to measure a person's level of extraversion.

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

**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 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 2.3 is an example of a scale developed to measure a person's level of negative affectivity.

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

**AGREEABLENESS** **Agreeableness** is the tendency to get along well with others. Managers who are high on the agreeableness continuum are likable, 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 that they develop good, close relationships with others. Nevertheless, a low level of agreeableness may be an asset in managerial jobs that actually require that managers be antagonistic, such as drill sergeants, and some other kinds of military managers. See Figure 2.2 for an example of a scale that measures a person's level of agreeableness.

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

**CONSCIENTIOUSNESS** **Conscientiousness** is the tendency to be careful, scrupulous, and persevering.[18] 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, including managerial jobs in a variety

**Figure 2.2**

Measures of
Extraversion,
Agreeableness,
Conscientiousness,
and Openness to
Experience

Listed below are phrases describing people's behaviors. Please use the rating scale below to describe how accurately each statement describes *you*. Describe yourself as you generally are now, not as you wish to be in the future. Describe yourself as you honestly see yourself, in relation to other people you know of the same sex as you are and roughly your same age.

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| Very inaccurate | Moderately inaccurate | Neither inaccurate nor accurate | Moderately accurate | Very accurate |

_____ **1.** Am interested in people.
_____ **2.** Have a rich vocabulary.
_____ **3.** Am always prepared.
_____ **4.** Am not really interested in others.*
_____ **5.** Leave my belongings around.*
_____ **6.** Am the life of the party.
_____ **7.** Have difficulty understanding abstract ideas.*
_____ **8.** Sympathize with others' feelings.
_____ **9.** Don't talk a lot.*
_____ **10.** Pay attention to details.
_____ **11.** Have a vivid imagination.
_____ **12.** Insult people.*
_____ **13.** Make a mess of things.*
_____ **14.** Feel comfortable around people.
_____ **15.** Am not interested in abstract ideas.*
_____ **16.** Have a soft heart.
_____ **17.** Get chores done right away.
_____ **18.** Keep in the background.*
_____ **19.** Have excellent ideas.
_____ **20.** Start conversations.
_____ **21.** Am not interested in other people's problems.*

_____ **22.** Often forget to put things back in their proper place.*
_____ **23.** Have little to say.*
_____ **24.** Do not have a good imagination.*
_____ **25.** Take time out for others.
_____ **26.** Like order.
_____ **27.** Talk to a lot of different people at parties.
_____ **28.** Am quick to understand things.
_____ **29.** Feel little concern for others.*
_____ **30.** Shirk my duties.*
_____ **31.** Don't like to draw attention to myself.*
_____ **32.** Use difficult words.
_____ **33.** Feel others' emotions.
_____ **34.** Follow a schedule.
_____ **35.** Spend time reflecting on things.
_____ **36.** Don't mind being the center of attention.
_____ **37.** Make people feel at ease.
_____ **38.** Am exacting in my work.
_____ **39.** Am quiet around strangers.*
_____ **40.** Am full of ideas.

* Item is reverse-scored: 1 = 5, 2 = 4, 4 = 2, 5 = 1
Scoring: Sum responses to items for an overall scale.
      Extraversion = sum of items 6, 9, 14, 18, 20, 23, 27, 31, 36, 39
      Agreeableness = sum of items 1, 4, 8, 12, 16, 21, 25, 29, 33, 37
      Conscientiousness = sum of items 3, 5, 10, 13, 17, 22, 26, 30, 34, 38
      Openness to experience = sum of items 2, 7, 11, 15, 19, 24, 28, 32, 35, 40

Source: Lewis R. Goldberg, Oregon Research Institute, http://ipip.ori.org/ipip/

of organizations.[19] CEOs of major companies, such as Meg Whitman of eBay and Bill Greehey of Valero Energy, often show signs of being high on conscientiousness–the long hours they work, their attention to detail, and their ability to handle their multiple responsibilities in an organized manner. Figure 2.2 provides an example of a scale that measures conscientiousness.

**Figure 2.3**

**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.

_____ **1.** I often find myself worrying about something.

_____ **2.** My feelings are hurt rather easily.

_____ **3.** Often I get irritated at little annoyances.

_____ **4.** I suffer from nervousness.

_____ **5.** My mood often goes up and down.

_____ **6.** I sometimes feel "just miserable" for no good reason.

_____ **7.** Often I experience strong emotions—anxiety, anger—without really knowing what causes them.

_____ **8.** I am easily startled by things that happen unexpectedly.

_____ **9.** I sometimes get myself into a state of tension and turmoil as I think of the day's events.

_____ **10.** Minor setbacks sometimes irritate me too much.

_____ **11.** I often lose sleep over my worries.

_____ **12.** There are days when I'm "on edge" all of the time.

_____ **13.** I am too sensitive for my own good.

_____ **14.** I sometimes change from happy to sad, or vice versa, without good reason.

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

Source: Auke Tellegen, *Brief Manual for the Differential Personality Questionnaire,* Copyright © 1982. Reproduced by permission.

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

**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.[20] 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–like 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. Arunas Chesonis, discussed in this chapter's "management snapshot" founded his own company and continues to explore new ways for it to grow–a testament to his high level of openness to experience. 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 reimbursements of expenses. Figure 2.2 provides an example of a measure of openness to experience.

Managers who initiate major changes in their organizations often are high on openness to experience, as is true of Gary Heiman, CEO of Standard Textile Co., who is profiled in the following "Managing Globally."

## Managing Globally

# Expanding into China

Gary Heiman is CEO of Standard Textile, a privately held company that manufactures and sells a wide variety of textile products, ranging from scrubs, surgical gowns, and industrial-strength insulated coveralls to decorator bedspreads and pillows, sheets, and towels.[21] Throughout Standard's history and to this very day, Heiman's openness to experience has led him to expand Standard's global presence. Standard was founded by Heiman's grandfather, and around 30 years ago, when Standard was selling sheets out of an apartment in Chicago, Heiman convinced his father to expand Standard's wholesale operations by opening a factory in Israel near the Negrev desert.[22] Today, Standard Textile manufactures and distributes products to hotels, hospitals, and factories, operates in 49 countries, has over 3,000 employees, and over $500 million in annual revenues.[23]

Around five years ago, Heiman's openness to experience led him to spend a year traveling around China, Pakistan, India, and the Philippines to find a location for a new manufacturing facility that would enable Standard to benefit from Asia's booming economic growth and relatively low labor costs. He decided to locate the $23 million facility in Linyi, China, a somewhat remote noncoastal city of 4 million people between Beijing and Shanghai.[24]

Heiman's combination of high openness to experience and high conscientiousness helped him to overcome many hurdles in getting the Linyi facility up and running. At times, it seemed like nothing was going right, with problems ranging from polluted water to a heating system that didn't work, Chinese custom-made machine parts that didn't fit imported U.S. machines, and increased utility charges to run the plant.[25]

Heiman approached these challenges with adventurousness and determination, and bedsheets produced in Linyi are currently being shipped to the United States and will soon be sold in China. Labor costs in Linyi are around 80% less than the costs in the United States and around 40% less than those in Shanghai, and Heiman has found that Standard's Chinese employees are highly motivated and fast learners.[26] While expansions into China like Standard's are not without their critics, who fear that ultimately jobs will be lost in the United States, Standard has not laid off any U.S. employees and does not plan to do so.[27] Standard's investment in the Linyi manufacturing facility was both its largest investment to date and its most troublesome one in terms of overcoming problems to get the plant up and running, but true to his openness to experience, Heiman indicates that "the potential is simply awesome."[28]



Chinese workers sew up garments on a production line. Heiman's openness to experience has led him to expand his garment business operations into 49 countries, including China.

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 among 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 so 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 Behavior

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.

**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.[29] People with an **internal locus of control** believe that they themselves are responsible for their own fate; they see their own actions and behaviors as being major and decisive determinants of important outcomes such as attaining levels of job performance, being promoted, 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. One example is Arunas Chesonis in the "Management Snapshot." An internal locus of control also helps to ensure ethical behavior 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, as does Arunas Chesonis at PAETEC Communications. 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.

**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 in outside forces and to believe that one's own behavior has little impact on outcomes.

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

**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, as does Arunas Chesonis. People with low self-esteem have poor opinions of themselves, are unsure about their capabilities, and question their ability to succeed at different endeavors.[30] 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.[31] 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. The **need for affiliation** is the extent to which an individual is concerned about establishing and maintaining good interpersonal relations, being liked, and having the people around him or her get along with one another. The **need for power** is the extent to which an individual desires to control or influence others.[32]

**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.

**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.

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.[33] One study found that U.S. presidents with a relatively high need for power tended to be especially effective during their terms of office.[34] 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 India and New Zealand.[35]

**need for power**
The extent to which an individual desires to control or influence others.

Taken together, these desirable personality traits for 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 not only believe that their own actions are decisive in determining their own and their organizations' fates but also believe in their own capabilities. Such managers have a personal desire for accomplishment and influence over others.

# Values, Attitudes, and Moods and Emotions

**LO2** Explain what values and attitudes are and describe their impact on managerial action.

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 and emotions 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

**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 behaviors considered important by most members of a group or organization.

others, and how, through their efforts, they help contribute to organizational effectiveness through planning, leading, organizing, and controlling.

## 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.[36] Terminal values often lead to the formation of **norms,** or informal rules of conduct, for behaviors 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 2.4).[37] 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

**Figure 2.4**
Terminal and Instrumental Values

| Terminal Values | Instrumental Values |
|---|---|
| A comfortable life (a prosperous life) | Ambitious (hardworking, aspiring) |
| An exciting life (a stimulating, active life) | Broad-minded (open-minded) |
| A sense of accomplishment (lasting contribution) | Capable (competent, effective) |
| A world at peace (free of war and conflict) | Cheerful (lighthearted, joyful) |
| A world of beauty (beauty of nature and the arts) | Clean (neat, tidy) |
| Equality (brotherhood, equal opportunity for all) | Courageous (standing up for your beliefs) |
| Family security (taking care of loved ones) | Forgiving (willlng to pardon others) |
| Freedom (independence, free choice) | Helpful (working for the welfare of others) |
| Happiness (contentedness) | Honest (sincere, truthful) |
| Inner harmony (freedom from inner conflict) | Imaginative (daring, creative) |
| Mature love (sexual and spiritual intimacy) | Independent (self-reliant, self-sufficient) |
| National security (protection from attack) | Intellectual (intelligent, reflective) |
| Pleasure (an enjoyable, leisurely life) | Logical (consistent, rational) |
| Salvation (saved, eternal life) | Loving (affectionate, tender) |
| Self-respect (self-esteem) | Obedient (dutiful, respectful) |
| Social recognition (respect, admiration) | Polite (courteous, well-mannered) |
| True friendship (close companionship) | Responsible (dependable, reliable) |
| Wisdom (a mature understanding of life) | Self-controlled (restrained, self-disciplined) |

Source: Milton Rokeach, *The Nature of Human Values.* Copyright © 1973 The Free Press. All rights reserved. Reprinted with permission of the Free Press, a Division of Simon & Schuster Adult Publishing Group.

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

pictures of their **value systems**–what they are striving to achieve in life and how they want to behave.[38] (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 2.4.)

Several of the terminal values listed in Figure 2.4 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 (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 that can save or prolong lives, as is true of managers at Medtronic (a company that makes medical devices such as cardiac pacemakers), 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 2.4 seem to be important modes of conduct for managers, such as being *ambitious (hardworking, 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 behaviors 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.

All in all, managers' value systems signify what managers as individuals are trying to accomplish and become in their personal lives and at work. Thus, managers' value systems are fundamental guides to their behavior 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.[39] Managers who have high levels of 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 coworkers). Figure 2.5 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.

**Figure 2.5**

**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:

[ ] Very dissatisfied                    [ ] Satisfied
[ ] Dissatisfied                         [ ] Very satisfied
[ ] Can't decide whether satisfied or not

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

____ **1.** Being able to do things that don't go against my conscience.

____ **2.** The way my job provides for steady employment.

____ **3.** The chance to do things for other people.

____ **4.** The chance to do something that makes use of my abilities.

____ **5.** The way company policies are put into practice.

____ **6.** My pay and the amount of work I do.

____ **7.** The chances for advancement on this job.

____ **8.** The freedom to use my own judgment.

____ **9.** The working conditions.

____ **10.** The way my coworkers get along with each other.

____ **11.** The praise I get for doing a good job.

____ **12.** 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.

|  |  |  |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|
| 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |

Source: Copyright © 1975 by the American Pyschological Association. Adapted by permission of Randall B. Dunham and J.B. Brett.

**Focus on Diversity**

# Changing Attitudes

An interesting trend in job attitudes has been observed among some managers in their 20s and 30s. For example, after Sandi Garcia graduated from the University of Wyoming with a degree in marketing, she landed a good job in Florida and was soon promoted into the managerial ranks. By all counts, Garcia should have been satisfied with her job—she was advancing in the company, making good money, and doing the kind of work she had hoped for. Ironically, Garcia found herself becoming increasingly dissatisfied with her job. Putting in 12-hour workdays was not unusual for Garcia, nor was it unusual for her to work during the weekends. Living a hectic, fast-paced life revolving around work soon made Garcia dream of a simpler life where she would have time to do things she enjoyed such as skiing, being with family and friends, and doing volunteer work. Garcia acted on her dream: She

After living through changes in the corporate landscape, some younger workers are questioning what work should be and mean to them and making career changes.

moved back to Wyoming, and is now more satisfied with a less demanding job at the Wyoming Business Council.[40]

Gregg Steiner was a high-tech manager on the West Coast who seemed to have everything, including a Malibu beach house. However, he was dissatisfied with a job that left him no free time to enjoy the beach or much else. Steiner quit the high-tech world and works at his now more modest home, handling customer service for his family's diaper rash ointment business (Pinxav).[41]

Young managers like Garcia and Steiner are not lazy, nor do they lack ambition. Rather, they have lived through changes in the corporate landscape that cause them to question what work should be and should mean to them. Some of these young managers have seen their parents slaving away at their jobs in corporate America year after year, only to be laid off in tough times. While their parents might never have questioned their commitment to their organizations, the need to work long hours, and the lack of time for much else other than work and raising a family, Garcia and Steiner desire the flexibility and time to live lives that are simpler but also richer in terms of meaningful activities. And they want to be in charge of their own lives rather than having their lives dictated by persons higher up the corporate hierarchy.[42]

Of course, for every young manager like Garcia and Steiner who voluntarily leaves the fast track for a more balanced life, there are other young prospective managers eager to take their place in the corporate world. And a job that is dissatisfying for one manager might be satisfying for another. In any case, in an era when trust in corporations has come under question (e.g., due to ethical lapses and fraud at companies like Enron), some young managers are seeking to invest themselves in things they can really trust.[43]

**organizational citizenship behaviors (OCBs)** Behaviors that are not required of organizational members but that contribute to and are necessary for organizational efficiency, effectiveness, and 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 behaviors (OCBs),** behaviors that are not required of organizational members but that contribute to and are necessary for organizational efficiency, effectiveness, and competitive advantage.[44] Managers who are satisfied with their jobs are more likely to perform these "above and beyond the call of duty" behaviors, 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), or to going out of one's way to help a coworker, subordinate, or superior (even when doing so entails considerable personal sacrifice).[45]

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.[46] 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 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 4,300 workers conducted by Wyatt Co. found that 76% of the employees of expanding companies are satisfied with their jobs but only 57% of the employees of companies that have downsized are satisfied.[47] 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, and this 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 managers are more likely to go above and beyond the call of duty to help their company and are less likely to quit.[48] Organizational commitment can be especially strong when employees and managers truly believe in organizational values; it also leads to a strong organizational culture, as found in PAETEC.

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 2.6 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 sociocultural 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. U.S. workers, in contrast, have very little protection. In addition, managers in the United States 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 Americans.[49] Managers who know that their jobs are secure and who 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.

**L03** Appreciate how moods and emotions influence all members of an organization.

## Moods and Emotions

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

Just as you sometimes are in a bad mood and at other times are in a good mood, so too are managers. A **mood** is a feeling or state of mind. When people are in a positive

**Figure 2.6**

**A Measure of Organizational Commitment**

People respond to each of the items in the scale by checking whether they:
[ ] Strongly disagree          [ ] Slightly agree
[ ] Moderately disagree          [ ] Moderately agree
[ ] Slightly disagree          [ ] Strongly agree
[ ] Neither disagree nor agree

____ **1.** I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.

____ **2.** I talk up this organization to my friends as a great organization to work for.

____ **3.** I feel very little loyalty to this organization.*

____ **4.** I would accept almost any type of job assignment in order to keep working for this organization.

____ **5.** I find that my values and the organization's values are very similar.

____ **6.** I am proud to tell others that I am part of this organization.

____ **7.** I could just as well be working for a different organization as long as the type of work was similar.*

____ **8.** This organization really inspires the very best in me in the way of job performance.

____ **9.** It would take very little change in my present circumstances to cause me to leave this organization.*

____ **10.** I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.

____ **11.** There's not too much to be gained by sticking with this organization indefinitely.*

____ **12.** Often, I find it difficult to agree with this organization's policies on important matters relating to its employees.*

____ **13.** I really care about the fate of this organization.

____ **14.** For me this is the best of all possible organizations for which to work.

____ **15.** Deciding to work for this organization was a definite mistake on my part.*

**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.* Academic Press, New York, 1981, pp. 84–86.

mood, they feel excited, enthusiastic, active, or elated.[50] When people are in a negative mood, they feel distressed, fearful, scornful, hostile, jittery, or nervous.[51] 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.[52]

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

**Emotions** are more intense feelings 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.[53] For example, a manager who gets very angry when one of his subordinates has engaged in an unethical behavior 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.[54]



As might be expected, research has shown that a manager's positive moods may contribute to improving employees' job performance and job satisfaction.

Research has found that moods and emotions affect the behavior of managers and all members of an organization. For example, research suggests 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 work.[55] 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.[56]

Other research suggests that moods and emotions 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.[57]

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 counts, 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 William Finestone, who now 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."[58]

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.[59]

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 2.7 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

**L04** Describe the nature of emotional intelligence and its role in management.

In understanding the effects of managers' and all employees' 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.[60] Managers with a high level of emotional intelligence are more likely to understand how they are feeling and why, and they 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.[61]

Emotional intelligence also can help managers perform their important roles such as their interpersonal roles (figurehead, leader, and liaison).[62] 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.[63] More generally, emotional intelligence has the potential to contribute to effective leadership in multiple ways.[64]

**emotional intelligence** The ability to understand and manage one's own moods and emotions and the moods and emotions of other people.

**Figure 2.7**

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

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

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

_____ **1.** Active

_____ **2.** Distressed

_____ **3.** Strong

_____ **4.** Excited

_____ **5.** Scornful

_____ **6.** Hostile

_____ **7.** Enthusiastic

_____ **8.** Fearful

_____ **9.** Peppy

_____ **10.** Nervous

_____ **11.** Elated

_____ **12.** 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. Robinson, and J. Webster, "Measuring Affect at Work: Confirmatory Analyses of Competing Mood Structures with Conceptual Linkage in Cortical Regulatory Systems," _Journal of Personality and Social Psychology_ 57 (1989), 1901–1102.

For example, emotional intelligence helps managers understand and relate well to other people.[65] It also helps managers maintain their enthusiasm and confidence and energize subordinates to help the organization attain its goals.[66] Recent theorizing and research suggest that emotional intelligence may be especially important in awakening employee creativity.[67] Managers themselves are increasingly recognizing the importance of emotional intelligence. As Andrea Jung, CEO of Avon Products, indicates, "Emotional intelligence is in our DNA here at Avon because relationships are critical at every stage of our business."[68] An example of a scale that measures emotional intelligence is provided in Figure 2.8.

**Figure 2.8**

**A Measure of Emotional Intelligence**

Please indicate the extent to which you agree or disagree with each of the following items using the 1−7 scale below:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Totally disagree | Disagree | Somewhat disagree | Neither agree nor disagree | Somewhat agree | Agree | Totally agree |

_____ 1. I have a good sense of why I have certain feelings most of the time.

_____ 2. I always know my friends' emotions from their behavior.

_____ 3. I always set goals for myself and then try my best to achieve them.

_____ 4. I am able to control my temper so that I can handle difficulties rationally.

_____ 5. I have a good understanding of my own emotions.

_____ 6. I am a good observer of others' emotions.

_____ 7. I always tell myself I am a competent person.

_____ 8. I am quite capable of controlling my own emotions.

_____ 9. I really understand what I feel.

_____ 10. I am sensitive to the feelings and emotions of others.

_____ 11. I am a self-motivating person.

_____ 12. I can always calm down quickly when I am very angry.

_____ 13. I always know whether or not I am happy.

_____ 14. I have good understanding of the emotions of people around me.

_____ 15. I would always encourage myself to try my best.

_____ 16. I have good control of my own emotions.

Scoring: Self-emotions appraisal = sum of items 1, 5, 9, 13
Others-emotions appraisal = sum of items 2, 6, 10, 14
Use of emotion = sum of items 3, 7, 11, 15
Regulation of emotion = sum of items 4, 8, 12, 16

Source: K. Law, C. Wong, and L. Song. "The Construct and Criterion Validity of Emotional Intelligence and its Potential Utility for Management Studies." _Journal of Applied Psychology_ 89, no. 3, (2004), 496. C. S. Wong and K. S. Law. "The Effects of Leader and Follower Emotional Intelligence on Performance and Attitude: An Exploratory Study." _Leadership Quarterly_ 13 (2002), 243–74.

# Organizational Culture

**organizational culture** The shared set of beliefs, expectations, values, norms, and work routines that influence the ways in which individuals, groups, and teams interact with one another and cooperate to achieve organizational goals.

**L05** Define *organizational culture* and explain how managers both create and are influenced by organizational culture.

Personality is a way of understanding why all managers and employees, as individuals, characteristically think and behave in different ways. However, when people belong to the same organization, they often tend to share certain beliefs and values that lead them to act in similar ways.[69] **Organizational culture** comprises the shared set of beliefs, expectations, values, norms, and work routines that influence how members of an organization relate to one another and work together to achieve organizational goals. In essence, organizational culture reflects the distinctive ways organizational members go about performing their jobs and relating to others inside and outside the organization. It may, for example, be a distinctive way in which customers in a particular hotel chain are treated from the time they are greeted at check-in until their stay is completed; or it may be the shared work routines that research teams use to guide new product development. When organizational members share an intense commitment to cultural values, beliefs, and routines and use them to achieve their goals, a *strong* organizational culture exists.[70] When organizational members are not strongly committed to a shared system of values, beliefs, and routines, organizational culture is weak.

The stronger the culture of an organization, the more one can think about it as being the "personality" of an organization because it influences the way its members behave.[71] Organizations that possess strong cultures may differ on a wide variety of dimensions that determine how their members behave toward one another and perform their jobs. For example, organizations differ in terms of how members relate to each other (e.g., formally or informally), how important decisions are made (e.g., top-down or bottom-up), willingness to change (e.g., flexible or unyielding), innovation (e.g., creative or predictable), and playfulness (e.g., serious or serendipitous). In an innovative design firm like IDEO Product Development in Silicon Valley, employees are encouraged to adopt a playful attitude to their work, look outside the organization to find inspiration, and adopt a flexible approach toward product design that uses multiple perspectives.[72] IDEO's culture is vastly different from that of companies such as Citibank and ExxonMobil, in which employees treat each other in a more formal or deferential way, employees are expected to adopt a serious approach to their work, and decision making is constrained by the hierarchy of authority.

## Managers and Organizational Culture

While 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,[73] 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-ups' 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, developed a model that helps to explain the role that founders' personal characteristics play in determining organizational culture.[74] 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.[75] These similar employees are more likely to stay with the organization. While employees who are dissimilar in personality might be hired,

**attraction-selection-attrition (ASA) framework** A model that explains how personality may influence organizational culture.

they are more likely to leave the organization over time.[76] 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.[77]

For example, when David Kelley became interested in engineering and product design challenges in the late 1970s, he realized that who he was as a person meant that he would not be happy working in the typical corporate environment. Kelley is high on openness to experience, driven to go where his interests take him, and not content to follow others' directives. Kelley recognized that he needed to start his own business and, with the help of other Stanford-schooled engineers and design experts, IDEO was born.[78]

From the start, IDEO's culture has embodied Kelley's spirited, freewheeling approach to work and design—from colorful and informal work spaces to an emphasis on networking and communicating with as many people as possible to understand a design problem. No project or problem is too big or too small for IDEO: The company designed the Apple Lisa computer and mouse (the precursor of the Mac) and the Palm as well as the Crest Neat Squeeze toothpaste dispenser and the Racer's Edge water bottle. Kelley hates rules, job titles, big corner offices, and all the other trappings of large traditional organizations that stifle creativity. Employees who are attracted to, selected by, and remain with IDEO value creativity and innovation and embrace one of IDEO's mottos: "Fail often to succeed sooner."[79]

While ASA processes are most evident in small firms such as IDEO, they also can operate in large companies.[80] 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. While 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 3). At IDEO, Kelley recognized early on how important it is to take advantage of the diverse talents and perspectives that people with different personalities, backgrounds, experiences, and education can bring to a design team. Hence, IDEO's design teams include not only engineers but others who might have a unique insight into a problem, such as anthropologists, communications experts, doctors, and users of a product. When new employees are hired at IDEO, they meet with many employees who have different backgrounds and characteristics—the focus is not on hiring someone who will "fit in" but, rather, on hiring someone who has something to offer and can "wow" different kinds of people with his or her insights.[81]



David Kelley, pictured here, started his own business because he knew he would not be content in the typical corporate environment. And today, his freewheeling spirit lives on in the culture at IDEO, the company he founded.

In addition to personality, other personal characteristics of managers shape organizational culture; these include managers' values, attitudes, moods and emotions, and emotional intelligence.[82] 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 not only be tolerant of mistakes but also be prone to emphasize the importance of organizational members' being kind and helpful to one another.

Managers who are satisfied with their jobs, are 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 like 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 that spending time with people who are excited and enthusiastic can increase one's own levels of excitement and enthusiasm.

## The Role of Values and Norms in Organizational Culture

Shared terminal and instrumental values play a particularly important role in organizational culture. *Terminal values* signify what an organization and its employees are trying to accomplish, and *instrumental values* guide the ways in which the organization and its members achieve organizational goals. In addition to values, shared norms also are a key aspect of organizational culture. Recall that norms are unwritten, informal rules or guidelines that prescribe appropriate behavior in particular situations. For example, norms at IDEO include not being critical of others' ideas, coming up with multiple ideas before settling on one, and developing prototypes of new products.[83]

Managers determine and shape organizational culture through the kinds of values and norms they promote in an organization. Some managers, like David Kelley of IDEO, cultivate values and norms that encourage risk taking, creative responses to problems and opportunities, experimentation, tolerance of failure in order to succeed, and autonomy.[84] 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 indicate to employees that they should always be conservative and cautious in their dealings with others and should try to consult with their superiors before making important decisions or any changes to the status quo. Accountability for actions and decisions is stressed, and detailed records are kept to ensure that policies and procedures are followed. In settings 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.[85] 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 makes a cautious approach to investing highly appropriate.

Managers of different kinds of organizations 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 maintained and transmitted to organizational members through the values of the founder, the process of socialization, ceremonies and rites, and stories and language (see Figure 2.9).

**VALUES OF THE FOUNDER** From the ASA model discussed above, it is clear that founders of an organization can have profound and long-lasting effects on organizational culture. Founders' values inspire the founders to start their own companies and,

**Figure 2.9**

**Factors that Maintain and Transmit Organizational Culture**
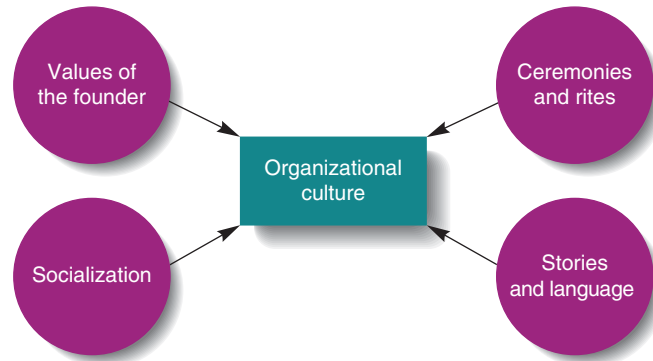


in turn, drive the nature of these new companies and their defining characteristics. Thus, an organization's founder and his or her terminal and instrumental values have a substantial influence on the values, norms, and standards of behavior that develop over time within the organization.[86] Founders set the scene for the way cultural values and norms develop because their own values guide the building of the company and they hire other managers and employees who they believe will share these values and help the organization to attain them. Moreover, 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 their values and norms to their subordinates. Gradually, over time, the founder's values and norms permeate the organization.[87]

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 in 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 behaviors. Eventually, organizational members behave in accordance with the organization's values and norms—often without realizing they are doing so. **Organizational socialization** is the process by which newcomers learn an organization's values and norms and acquire the work behaviors necessary to perform jobs effectively.[88] 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.[89]

At Texas A&M University, for example, all new students are encouraged to go to "Fish Camp" to learn how to be an "Aggie" (the traditional nickname of students at the university). They learn about the ceremonies that have developed over time to commemorate significant events or people in A&M's history. In addition, they learn

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

Texas A&M's Fish Camp is an annual orientation program designed to help freshmen (or Fish) make the transition from high school to college life. Texas A&M's Fish Camp runs for four days and is attended by over 4,500 freshmen each year.

how to behave at football games and in class and what it means to be an Aggie. As a result of this highly organized socialization program, by the time new students arrive on campus and start their first semester, they have been socialized into what a Texas A&M student is supposed to do, and they have relatively few problems adjusting to the college environment.

Most organizations have some kind of socialization program to help new employees learn the ropes–the values, norms, and culture of the 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 the Walt Disney Company 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 ensure that each employee plays his or her part in helping visitors to Disneyland have fun in a wholesome theme park. New recruits at Disney are called "cast members" and attend Disney University to learn the Disney culture and their part in it. Disney's culture emphasizes the values of safety, courtesy, entertainment, and efficiency, and these values are brought to life for newcomers at Disney University. Newcomers also learn about the attraction area they will be joining (e.g., Adventureland or Fantasyland) at Disney University and then receive on-the-job socialization in the area itself from experienced cast members.[90] Through organizational socialization, founders and managers of an organization transmit to employees the cultural values and norms that shape the behavior of organizational members. Thus, the values and norms of founder Walt Disney live on today at Disneyland as newcomers are socialized into the Disney way.

**CEREMONIES AND RITES** Another way in which managers can create or influence 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.[91] 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 2.1).[92]

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

**Table 2.1**
**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 |

*Rites of integration,* such as shared announcements of organizational successes, office parties, and company cookouts, build and reinforce common bonds among organizational members. IDEO uses many rites of integration to make its employees feel connected to one another and special. In addition to having wild "end-of-year" celebratory bashes, groups of IDEO employees periodically take time off to go to a sporting event, movie, or meal, or sometimes on a long bike ride or for a sail. These kinds of shared activities not only reinforce IDEO's culture but also can be a source of inspiration on the job (e.g., IDEO has been involved in the making of movies such as *The Abyss* and *Free Willy*). One 35-member design studio at IDEO led by Dennis Boyle has bimonthly lunch fests with no set agenda—anything goes. While enjoying great food, jokes, and camaraderie, studio members often end up sharing ideas for their latest great products, and the freely flowing conversation that results often leads to creative insights.[93]

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 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 rewarding its supporters with entertainment 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.[94]

*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 reinforce an organization's values and norms.

*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 behaviors that are valued by the organization and the kinds of practices that are frowned on.[95] At the heart of McDonald's rich culture 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 money (QSC&V), and these four central values permeate McDonald's culture. For example, an often retold story describes what happened when Kroc and a group of managers from the Houston region were touring various restaurants. One of the restaurants was having a bad day operationally. Kroc 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 his (or her) 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 that teaches 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 the conservative culture found in many banks, which emphasize 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.[96] When employees speak and understand the language of their organization's culture, they know how to behave in the organization and what is expected of them.

At IDEO, language, dress, the physical work environment, and extreme informality all underscore a culture that is adventuresome, playful, risk taking, egalitarian, and innovative. For example, at IDEO, employees refer to taking the consumers' perspective when designing products as "being left-handed." Employees dress in T-shirts and jeans, the physical work environment is continually evolving and changing depending upon how employees wish to personalize their workspace, no one "owns" a fancy office with a window, and rules are nonexistent.[97]

## Culture and Managerial Action

While founders and managers play a critical role in the development, maintenance, and communication of organizational culture, this same culture shapes and controls the behavior of all employees, including managers themselves. For example, culture influences 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 behavior and top managers who encourage a conservative, cautious approach by their subordinates. We noted earlier that both kinds of values and norms can be appropriate depending upon the situation and type of organization.

**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 former CEO Lou Gerstner took over, he used every means at his disposal to abolish this culture, even building a brand-new campus-style head-quarters to change managers' mind-sets. IBM's culture is undergoing further changes initiated by its current CEO, Samuel Palmisano.

**ORGANIZING**  What kinds of organizing will managers in innovative and in con-servative 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 hier-archy, and one 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, encourag-ing 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 13 when we consider the leadership styles that managers can adopt to influence and shape employee behavior.

**CONTROLLING**  The ways in which managers evaluate, and take actions to improve, performance differ depending upon whether the organizational culture emphasizes formality and caution or innovation and change. Managers who want to encourage risk taking, creativity, and innovation recognize that there are multiple potential paths to success and that failure must be accepted in order for creativity to thrive. Thus, they are less concerned about employees' performing their jobs in a specific, prede-termined manner and in strict adherence to preset goals and more concerned about employees' being flexible and taking the initiative to come up with ideas for improving performance. Managers in innovative cultures are also more concerned about long-run performance than short-term targets because they recognize that real innovation entails much uncertainty that necessitates flexibility. In contrast, managers in cultures that emphasize caution and maintenance of the status quo often set specific, difficult goals for employees, frequently monitor progress toward these goals, and develop a clear set of rules that employees are expected to adhere to.

The values and norms of an organization's culture strongly affect the way manag-ers 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.[98] 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 all linked together.

This linkage is apparent at Hewlett-Packard (HP), a leader in the electronic instru-mentation and computer industries. Established in the 1940s, HP developed a culture that is an outgrowth of the strong personal beliefs of the company's founders, William Hewlett and David Packard. Bill and Dave, as they are known within the company,

formalized HP's culture in 1957 in a statement of corporate objectives known as the "HP Way." The basic values informing the HP Way stress serving everyone who has a stake in the company with integrity and fairness, including customers, suppliers, employees, stockholders, and society in general. Bill and Dave helped build this culture within HP by hiring like-minded people and by letting the HP Way guide their own actions as managers.

Although the Hewlett-Packard example and our earlier example of IDEO illustrate how organizational culture can give rise to managerial actions that ultimately benefit the organization, this is not always the case. The cultures of some organizations become dysfunctional, encouraging managerial actions that harm the organization and discouraging actions that might lead to an improvement in performance.[99] Recent corporate scandals at large companies like Enron, Tyco, and WorldCom show how damaging a dysfunctional culture can be to an organization and its members. For example, Enron's arrogant, "success-at-all costs" culture led to fraudulent behavior on the part of its top managers.[100] Unfortunately, hundreds of Enron employees have paid a heavy price for the unethical behavior of these top managers and the dysfunctional organizational culture. Not only have these employees lost their jobs, but many also have lost their life savings in Enron stock and pension funds, which became worth just a fraction of their former value before the wrongdoing at Enron came to light. We discuss ethics in depth in the next chapter.

# Summary and Review

**ENDURING CHARACTERISTICS: 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 behavior 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 organizations and the kinds of behaviors they engage in. An attitude is a collection of feelings and beliefs. Two attitudes important for understanding managerial behaviors 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 organizations). A mood is a feeling or state of mind; emotions are intense feelings that are short-lived and directly linked to their causes. Managers' moods and emotions, or how they feel at work on a day-to-day basis, have the potential to impact not only their own behavior and effectiveness but also those of their subordinates. Emotional intelligence is the ability to understand and manage one's own and other people's moods and emotions.

**ORGANIZATIONAL CULTURE** Organizational culture is the shared set of beliefs, expectations, values, norms, and work routines that influence how members of an organization relate to one another and work together to achieve organizational goals. Founders of new organizations and managers play an important role in creating and maintaining organizational culture. Organizational socialization is the process by which newcomers learn an organization's values and norms and acquire the work behaviors necessary to perform jobs effectively.

# Management in Action

## Topics for Discussion and Action

### Discussion

1. Discuss why managers who have different types of personalities can be equally effective and successful. **(LO1)**

2. Can managers be too satisfied with their jobs? Can they be too committed to their organizations? Why or why not? **(LO2)**

3. 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. **(LO3)**

4. Why might managers be disadvantaged by low levels of emotional intelligence? **(LO4)**

### Action

5. 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. **(LO2)**

6. Watch a popular television show, and as you watch it, try to determine the emotional intelligence levels of the characters the actors in the show portray. Rank the characters from highest to lowest in terms of emotional intelligence. As you watched the show, what factors influenced your assessments of emotional intelligence levels. **(LO4)**

7. Go to an upscale clothing store in your neighborhood, and go to a clothing store that is definitely not upscale. Observe the behavior of employees in each store as well as the store's environment. In what ways are the organizational cultures in each store similar? In what ways are they different? **(LO5)**

## Building Management Skills (LO5)
### 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 are emphasized in this culture?

2. What norms do members of this organization follow?

3. Who seems to have played an important role in creating the culture?

4. In what ways is the organizational culture communicated to organizational members.

## Managing Ethically (LO 1, 2)

Some organizations rely on personality and interest inventories to screen potential employees. Other organizations attempt to screen employees by using paper-and-pencil honesty tests.

### Questions

1. Either individually or in a group, think about the ethical implications of using personality and interest inventories to screen potential employees. How might this practice be unfair to potential applicants? How might organizational members who are in charge of hiring misuse it?

2. Because of measurement error and validity problems, some relatively trustworthy people may "fail" an honesty test given by an employer. What are the ethical implications of trustworthy people "failing" honesty tests, and what obligations do you think employers should have when relying on honesty tests for screening purposes?

# Small Group Breakout Exercise (LO5)
## 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.

You 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 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, rumors 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.

# Be the Manager (LO 1, 2, 3, 4, 5)

You have recently been hired as the vice president for human resources in an advertising agency. One of the problems that has been brought to your attention is the fact that in the creative departments at the agency, there are dysfunctionally high levels of conflict. You have spoken with members of each of these departments, and in each one it seems that there are a few members of the department who are creating all the problems. All of these individuals are valued contributors who have many creative ad campaigns to their credit. The very high levels of conflict are creating problems in the departments, and negative moods and emotions are much more prevalent than positive feelings. What are you going to do to both retain valued employees and alleviate the excessive conflict and negative feelings in these departments?

## New Tech, Old Habits

### Despite World-Class IT Networks, Japanese and Korean Workers Are Still Chained to Their Desks

**Ma**sanori goto was in for a culture shock when he returned to Japan after a seven-year stint in New York. The 42-year-old public relations officer at cellular giant NTT DoCoMo logged many a late night at his Manhattan apartment, using his company laptop to communicate with colleagues 14 time zones away. Now back in Tokyo, Goto has a cell phone he can use to send quick e-mails after hours, but he must hole up at the office late into the night if he needs to do any serious work. The reason: His bosses haven't outfitted him with a portable computer. "I didn't realize that our people in Japan weren't using laptops," he says. "That was a surprise."

A few hundred miles to the west, in Seoul, Lee Seung Hwa also knows what it's like to spend long hours chained to her desk. The 33-year-old recently quit her job as an executive assistant at a carmaker because, among other complaints, her company didn't let lower-level employees log on from outside the office. "I could have done all the work from home, but managers thought I was working hard only if I stayed late," says Lee.

These days, information technology could easily free the likes of Goto and Lee. Korea and Japan are world leaders in broadband access, with connection speeds that put the U.S. to shame. And their wireless networks are state of the art, allowing supercharged Web surfing from mobile phones and other hand-helds, whether at a café, in the subway, or on the highway. But when it comes to taking advantage of connectivity for business, Americans are way ahead.

For a study in contrasts, consider the daily commute. American trains are packed with business people furiously tapping their Black-Berrys or Treos, squeezing a few extra minutes into their work days. In Tokyo or Seoul, commuters stare intently at their cell phone screens, but they're usually playing games, watching video clips, or sending Hello Kitty icons to friends. And while advertising for U.S. cellular companies emphasizes how data services can make users more productive at work, Asian carriers tend to stress the fun factor.

Why? Corporate culture in the Far East remains deeply conservative, and most businesses have been slow to mine the opportunities offered by newfangled communications technologies. One big reason is the premium placed on face time at the office. Junior employees are reluctant to leave work before the boss does for fear of looking like slackers. Also, Confucianism places greater stock on group effort and consensus-building than on individual initiative. So members of a team all feel they must stick around if there is a task to complete. "To reap full benefits from IT investment, companies must change the way they do business," says Lee Inn Chan, vice-president at SK Research Institute, a Seoul management think tank funded by cellular carrier SK Telecom. "What's most needed in Korea and Japan is an overhaul in business processes and practices."

**TIME, NOT TASK** In These Countries, if you're not in the office, your boss simply assumes you're not working. It doesn't help that a lack of clear job definitions and performance metrics makes it difficult for managers to assess the productivity of employees working off site. "Performance reviews and judgments are still largely time-oriented here, rather than task-oriented as in the West," says Cho Bum Coo, a Seoul-based executive partner at business consulting firm Accenture Ltd.

Even tech companies in the region often refuse to untether workers from the office. Camera-maker Canon Inc. for instance, dispensed with flextime four years ago after employees said it interfered with communications, while Samsung stresses that person-to-person contact is far more effective than e-mail. In Japan, many companies say they are reluctant to send workers home with their laptops for fear that proprietary information might go astray. Canon publishes a 33-page code of conduct that includes a cautionary tale of a worker who loses a notebook computer loaded with sensitive customer data on his commute. At Korean companies SK Telecom, Samsung Electronics, and LG Electronics, employees must obtain permission before they can carry their laptops out of the office. Even then, they often are barred from full access to files from work. And while just about everyone has a cell phone that can display Web pages or send e-mails, getting into corporate networks is complicated and unwieldy.

The result: Korean and Japanese white-collar workers clock long days at the office, often toiling till midnight and coming in on weekends. "In my dictionary there's no such thing as work/life balance as far as weekdays are concerned," says a Samsung Electronics senior manager who declined to be named. Tom Coyner, a consultant and author of *Mastering Business in Korea: A Practical Guide,* says: "Even your wife would think you were not regarded as an important player in the office if you came home at five or six."

These factors may be preventing Japan and Korea from wringing more productivity out of their massive IT investments. Both countries place high on lists of global innovators. For instance, Japan and Korea rank No. 2 and No. 6, respectively, out of 30 nations in terms of spending on research and development, according to the Organization for Economic Cooperation and Development. And the Geneva-based World Intellectual property Organization says Japan was second and Korea fourth in international patent filings. But when it comes to the productivity of IT users, both countries badly lag the United States, says Kazuyuki Motohashi, a University of Tokyo professor who is an expert on technological innovation.

"Companies in Japan and Korea haven't made the structural changes to get the most out of new technologies," he says.

Still, a new generation of managers rising through the ranks may speed the transformation. These workers are tech-savvy and often more individualistic, having come from smaller families. Already, some companies are tinkering with changes to meet their needs. SK Telecom abolished titles for all mid-level managers in the hopes that this would spur workers to take greater initiative. Japan's NEC Corp. is experimenting with telecommuting for 2,000 of its 148,000 employees. And in Korea, CJ 39 Shopping, a cable-TV shopping channel, is letting 10% of its call-center employees work from home.

Foreign companies are doing their bit to shake things up. In Korea, IBM has outfitted all of its 2,600 employees with laptops and actively encourages them to work off site. The system, which was first introduced in 1995, has allowed the company to cut back on office space and reap savings of $2.3 million a year. One beneficiary is Kim Yoon Hee. The procurement specialist reports to the office only on Tuesdays and Thursdays. On other days, calls to her office phone are automatically routed to her laptop, so she can work from home. "It would have been difficult for me to remain employed had it not been for the telecommuting system," says Kim, 35, who quit a job at a big Korean company seven years ago because late nights at the office kept her away from her infant daughter. "This certainly makes me more loyal to my company."

## Questions

1. What values likely contribute to an emphasis on face time at the office in Japanese and Korean offices?

2. How might an emphasis on face time and working in the office affect employees' levels of job satisfaction?

3. How might requiring employees to work in the office rather than from another location affects employees' moods and emotions?

4. When companies like IBM in Korea provide employees with laptops and allow them to work off-site, how might employees' levels of organizational commitment be affected and why?

BusinessWeek

## Case in the News (LO 1, 2, 4, 5)

### How Bob Iger Unchained Disney

By shunning the limelight, seeking consensus, and giving executives room to run, he has radically transformed a troubled culture

**Fo**r the past year, the media-entertainment complex (aka Hollywood) has provided riveting theater. Summary firings at 'Viacom. A quixotic bid to break up Time Warner. But one entertainment colossus has been remarkably peaceful—so much so it's easy to forget that not long ago this place was a snake pit of warring egos, board intrigue, and assorted skulduggery.

That institution, of course, is Walt Disney Co. Not only has peace broken out since Robert A.

Iger settled into Michael D. Eisner's throne at the pseudo-Tuscan headquarters in Burbank, Calif., but the Mouse House also has been racking up enviable numbers. It's posting record earnings, and the stock price has been defying gravity like Disneyland's Big Thunder Mountain Railroad.

So the Oscar for Disney's turnaround goes to . . . Bob Iger. No, wait, to Michael Eisner. No, both.

We'll explain.

Ignore for the moment the splash Iger made last year when he repaired relations with Steve Jobs and took control of Pixar, the Apple Inc. founder's animation hit factory. Most of the good news at Disney since Iger's ascension—the resurrection of ABC, the $2 billion *Pirates of the Caribbean* franchise, rising attendance at Disney's U.S. theme parks—are the payoff of plans laid during the Eisner era. And though Iger was deeply involved in the revival at ABC, he is the first to give his predecessor credit: "It was because of Michael that I was able to hit the ground running," he says.

To buffer the company against the hit-and-miss vagaries of the movie business, Iger will need to complete an ongoing resuscitation of the Paris and Hong Kong theme parks, keep ABC's momentum going, and encourage the Pixar team to make more than one film a year. He must also make Disney nimbler and capable of moving quickly to seize the digital day.

**CRONKITE WANNABE** It's on that final challenge that Iger has made the most progress. Behind the scenes he has upended Eisner's centrally planned company, hacking away at the bureaucracy and unshackling a group of veteran executives to plot their own courses. Putting Disney movies and ABC shows on the iPod is not just ground-breaking. It's a reflection of a faster-moving and more aggressive Disney. In an e-mail, Eisner, who declined to comment on his record as CEO, had this to say about his successor's performance: "Bob Iger and the entire management team have done a great job in the last year. They are making the right moves at the right times."

Iger, who turns 56 on Feb. 10, is a guy who says things like: "The story shouldn't be about me. It's about the team." Sounds like the false modesty of a media-trained CEO, no? But Iger really does prefer to hover in the background, letting the limelight stream over his lieutenants. He rules by consensus, not fat. And rather than heaving Eisner's people overboard just because he could, Iger has kept the team largely intact.

Next to Eisner, Iger is bland, a scripted CEO who never shoots from the hip. Colleagues say they don't know much about Iger's personal life except that he's a basketball nut. And while Iger isn't without the vision thing, no one would call him a big strategic thinker. But by surrounding himself with smart people, including Jobs and the Pixar crew, and letting them get on with it, Iger has recreated a can-do culture at Disney.

Iger, in short, is the Un-Eisner. He represents the new buttoned-down Hollywood—the anti-mogul in an industry where egos blot out the sunshine. "Bob lets [the person] who can handle the job get it done," says Jobs, who sits on the board and is Disney's single largest shareholder. "It's not [about grabbing] headlines. That's rare in that town."

Most Hollywood bigs either have mogul DNA (Rupert Murdoch) or lust for power and riches from Day One (Eisner). But Robert Iger wanted to be Walter Cronkite. Growing up on Long Island in Oceanside, N.Y., the son of a marketing executive father and librarian mother, Iger got the journalism bug early as sports editor of his high school newspaper. By 1972 a shaggy-haired Iger was hosting Ithaca College's ICB-TV show *Campus Probe,* tackling such breaking news as the school's new credit union. But the networks never came calling, and Iger accepted a job as a weatherman at a local TV station.

He might still be in Ithaca, N.Y., today had he not signed on as a schedule coordinator for ABC Sports in 1974. Soon after joining the network, Iger met the surrogate father who helped launch his career and instilled in him the management ethos he follows to this day. That man was Thomas S. Murphy, founder of ABC's then-parent, Cap-Cities. Murphy, now 80 and retired from the Disney board, was a legendary figure who gave young talent the freedom to experiment.

Iger calls it the Tom Murphy School of Management. "You put good people in jobs and give them room to run," he says. "You involve yourself in a responsible way, but not to the point where you are usurping their authority. I don't have the time or concentration—and you could argue maybe even the talent—to do that."

Disney acquired CapCities in 1996, and Iger, by then Murphy's heir apparent, found himself working for an entirely different species of boss. Eisner was everything Murphy wasn't: micromanaging, imperious, bullying

Eisner rarely demonstrated much admiration for Iger, but he valued his diplomatic skills. In 2000, Iger became Disney's president, and it wasn't long before Eisner was dispatching him on thorny missions requiring the common touch

Eisner seemed incapable of. When ABC tried and failed to steal David Letterman from CBS to fill Ted Koppel's late-night slot, Iger was the one who sweet-talked Koppel into sticking around. When dissident board members Roy E. Disney and Stanley P. Gold staged an anti-Eisner rally at Disney's 2005 annual meeting, Eisner sent Iger to talk to the press.

And when Miramax Film founder Harvey Weinstein was battling Eisner over the terms of his divorce from Disney, Iger stepped in to "get the talks over some rough spots," recalls William Morris Agency CEO Jim Wiatt, who helped broker the deal. "Bob kept the two sides talking when I thought they'd had just about enough of each other."

To this day, Iger won't speak ill of Eisner. "I think fondly of Michael. I learned a lot from him," he says. "In a way, he founded the modern Walt Disney."

What Iger tactfully leaves unsaid is that during the final years of Eisner's otherwise brilliant two-decade run, Disney lost its animating spirit. To say the culture was poisonous doesn't begin to capture the company's dysfunction. Eisner left behind a place where division chiefs were afraid to make decisions—the last thing the company needed when such rivals as News Corp. and Viacom Inc. were boldly staking out territory on the Web.

Iger recognized that the problem wasn't the people running the show. It was the work environment—and he set about changing it. One of the first things Iger did was make the Monday morning meetings less autocratic. Where Eisner held court, Iger encourages a conversation. Even his office is more inviting. Out went the drabness of the Eisner years. In came airiness, family photos, and a cigar store Indian Iger found in the basement of the ABC building in New York. He hangs his suit jacket on it.

To encourage his executives to drop by, Iger also installed a door to a more heavily trafficked hallway. He moved studio chief Richard Cook up from the second floor to the sixth, where Iger has his office. And he made a point of visiting the troops—for example spending half a day at Buena Vista Games Inc. talking to game developers in town for a brainstorming session. "These are guys who'll go back to England or wherever with a sense that their ideas are getting heard," says game unit chief Graham Hopper. "That's tremendously empowering to a creative person."

Iger has also reached out to former Disney people who can help him chart a new strategic direction. One regular dinner companion is former studio chief Jeffrey Katzenberg. Disney recently agreed to air a *Shrek* Christmas special produced by Katzenberg's Dream Works Animation. Iger has also made peace with Stanley Gold and Roy Disney, inviting the latter back onto the board in an emeritus role and as a consultant. "He's got the company working like a team again," says Gold, once an Iger critic. "It's very impressive."

**'WHERE'S MY WOW?'** He eisner struggled to rise above the petty and personal, Iger sees the big picture. Almost immediately he shunted aside the top strategic planner, Peter Murphy, who had come to be regarded as Eisner's top cop. Then Iger turned around and paid Murphy nearly a million dollars to stick around for another year. Why? Because Murphy was Disney's key negotiator in a three-year battle to get cable giant Comcast Corp. to pay higher fees to carry Disney's ESPN sports channel.

Iger brings almost preternatural energy to the job. Every morning at 4:30 a personal trainer puts him through his paces at the Brentwood mansion Iger shares with his wife, newscaster Willow Bay, and their two sons. By 6:45, Iger is at his desk, talking to New York.

It's what Iger doesn't do with his energy that is most telling. He doesn't dump on people's ideas. Eisner famously wrote: "Where's my wow?" on subordinates' proposals he didn't like. And where Eisner got involved in every aspect of the creative process, from the color of the carpets at the theme park hotels to Tuesday morning script sessions, Iger lets his people take the lead.

**DISCREET AND NIMBLE** ABC Chief Anne Sweeney says Iger, having agreed with Jobs to put ABC shows on the iPod, turned over the details to her. She quickly understood that the intensely secretive Jobs wanted as few people as possible to know what was going on. Only five Disney people, including Iger, were involved in the negotiations; the deal was sealed in three days. Under Eisner a team of Disney lawyers and executives would nitpick over the details for weeks.

Studio chief Cook has newfound freedom. Iger almost never attends script meetings. And during the Pixar negotiations, Iger allowed Cook to represent Disney. The CEO came in only at the end to close the deal, meeting with Jobs and having dinner with Pixar creative guru John Lasseter at his Sonoma Valley home. Eisner's departure also allowed Cook to go ahead with an Iger plan to cut in half the number of live-action movies the studio makes each year and do mostly family-friendly fare that meshes better with the theme parks and the Disney Channel.

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Nowhere has Iger given up more control than at Disney's animation unit. That's amazing given that the Mouse House was built on animation. In a good year it provides as much as one-third of the studio's profits. But with Disney animators turning out a steady stream of clunkers, Iger has given Jobs's Pixar team carte blanche. With Lasseter installed as Disney's new chief creative officer, the newcomers laid off 160 people and reassigned executives. Last year, Lasseter and former Pixar President Ed Catmull, who is now president of Disney Animation, delayed the Christmas release of Disney's *Meet the Robinsons* movie to rework it. Now it will be released in March.

The rollout in coming weeks of a reimagined Disney.com is central to Iger's plan to boost the company's online fortunes. The reconfigured site, which draws 21 million unique visitors each month, now features social networking and streamed TV shows aimed at young kids— another way to capitalize on that family vibe. The hope is that the site will get visitors to stay longer, allowing Disney to surpass the $700 million in digital revenues it projects for this year.

Ultimately, Iger wants to go directly to consumers on the Web, supplementing the company's existing deals with cable and satellite providers. "Why not be there ourselves?" he says. It's a question

Iger will continue to wrestle with as he remakes Disney.

## Questions for Discussion

1. How would you describe Bob Iger's personality?
2. How would describe Iger's values and attitudes?
3. Do you think Iger is high or low on emotional intelligence? Why?
4. How has Iger transformed Disney's culture?

R. Grover, "How Bob Iger Unchained Disney" *BusinessWeek,* February 5, 2007, pp. 74–79.