

# Management Skills

4th Edition



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# Understanding Work Teams

After studying this chapter, you should be able to:

1. Contrast groups and teams, and analyze the growing popularity of using teams in organizations.
2. Compare and contrast four types of teams.
3. Identify the characteristics of effective teams.
4. Show how organizations can create team players.
5. Decide when to use individuals instead of teams.
6. Show how the understanding of teams differs in a global context.

In this chapter we will turn our attention to a particular type of group, namely work teams. Approximately 80 percent of *Fortune* 500 companies now have half or more of their employees on teams. And 68 percent of small U.S. manufacturers are using teams in their production areas.<sup>1</sup> Thus, teams are increasingly becoming the primary means for organizing work in contemporary business firms.

## WHY HAVE TEAMS BECOME SO POPULAR?

How do we explain the current popularity of teams? As organizations have restructured themselves to compete more effectively and efficiently, they have turned to teams as a better way to use employee talents. Management has found that teams are more flexible and responsive to changing events than are traditional departments or other forms of permanent groupings. Teams have the capability to quickly assemble, deploy, refocus, and disband. But don't overlook the motivational properties of teams. Consistent with our discussion of the role of employee involvement as a motivator, teams facilitate employee participation in operating decisions. So another

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explanation for the popularity of teams is that they are an effective means for management to democratize their organizations and increase employee motivation.

The fact that organizations have turned to teams doesn't necessarily mean they're always effective. Decision makers, as humans, can be swayed by fads and herd mentality. Are teams truly effective? What conditions affect their potential? How do teams work together? These are some of the questions we'll answer in this chapter.

## DIFFERENCES BETWEEN GROUPS AND TEAMS

Groups and teams are not the same thing. In this section, we define and clarify the difference between work groups and work teams.<sup>2</sup>

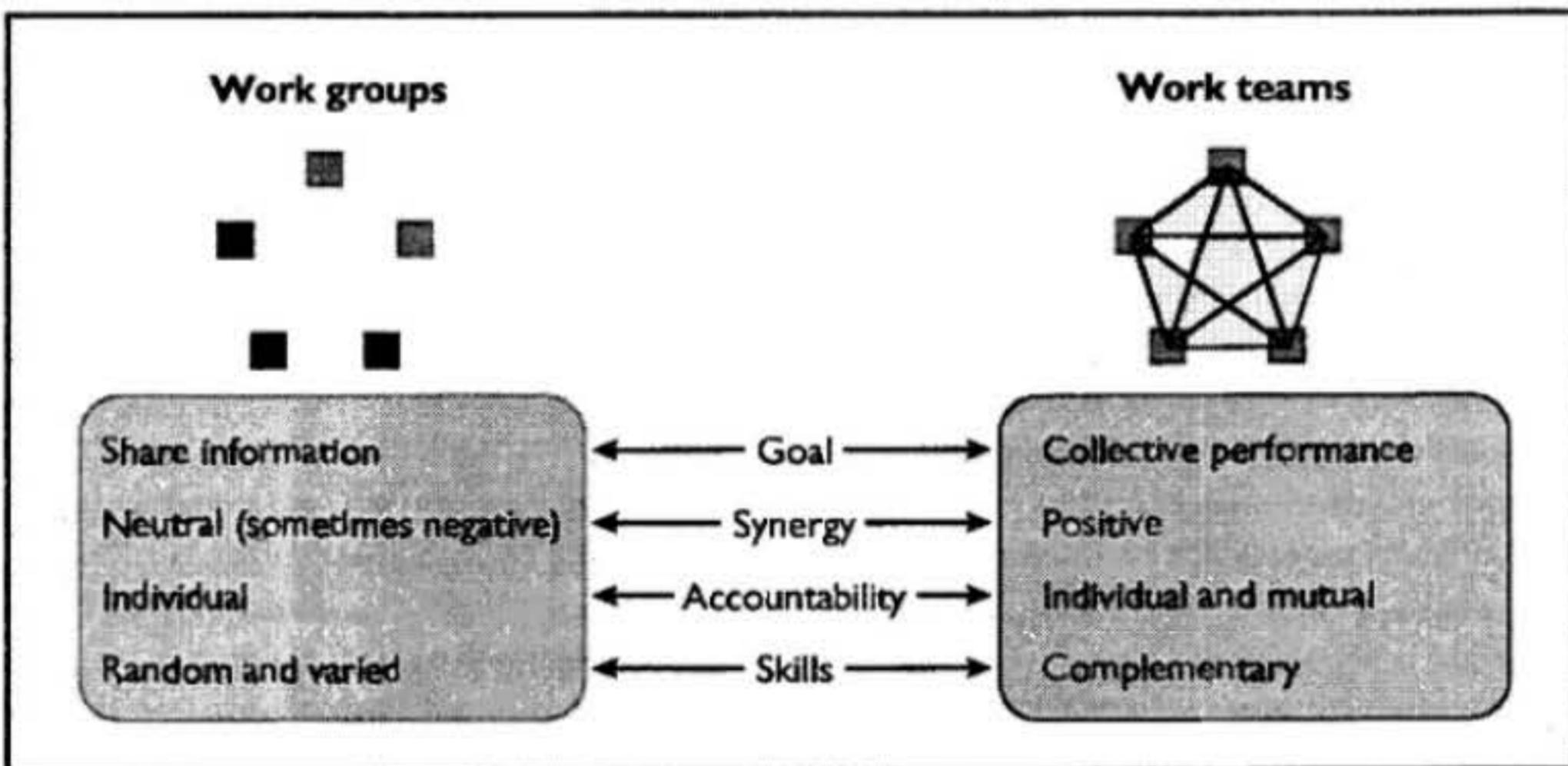
We defined a *group* as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives. A **work group** is a group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility.

Work groups have no need or opportunity to engage in collective work that requires joint effort. So their performance is merely the summation of each group member's individual contribution. There is no positive synergy that would create an overall level of performance that is greater than the sum of the inputs.

A **work team** generates positive synergy through coordinated effort. The individual efforts result in a level of performance that is greater than the sum of those individual inputs. Exhibit 1 highlights the differences between work groups and work teams.

These definitions help clarify why so many organizations have recently restructured work processes around teams. Management is looking for positive synergy that will allow the organizations to increase performance. The extensive use of teams creates the *potential* for an organization to generate greater outputs with no increase in inputs. Notice, however, that we said *potential*. There is nothing inherently magical in the creation of teams that ensures the achievement of positive synergy. Merely calling a *group* a *team* doesn't automatically increase its performance. As we show later in this

**EXHIBIT 1** Comparing Work Groups and Work Teams



chapter, effective teams have certain common characteristics. If management hopes to gain increases in organizational performance through the use of teams, it needs to ensure that its teams possess these characteristics.

## TYPES OF TEAMS

Teams can do a variety of things. They can make products, provide services, negotiate deals, coordinate projects, offer advice, and make decisions. In this section, we'll describe the four most common types of teams you're likely to find in an organization: *problem-solving teams*, *self-managed work teams*, *cross-functional teams*, and *virtual teams* (see Exhibit 2).

### Problem-Solving Teams

Twenty years ago or so, teams were just beginning to grow in popularity, and most of those teams took similar form. They were typically composed of five to twelve hourly employees from the same department who met for a few hours each week to discuss ways of improving quality, efficiency, and the work environment. We call these **problem-solving teams**.

In problem-solving teams, members share ideas or offer suggestions on how work processes and methods can be improved; they rarely have the authority to unilaterally implement any of their suggested actions. For instance, Merrill Lynch created a problem-solving team to specifically figure out ways to reduce the number of days it took to open up a new cash management account.<sup>3</sup> By suggesting cuts in the number of steps in the process from forty-six to thirty-six, the team was able to reduce the average number of days from fifteen to eight.

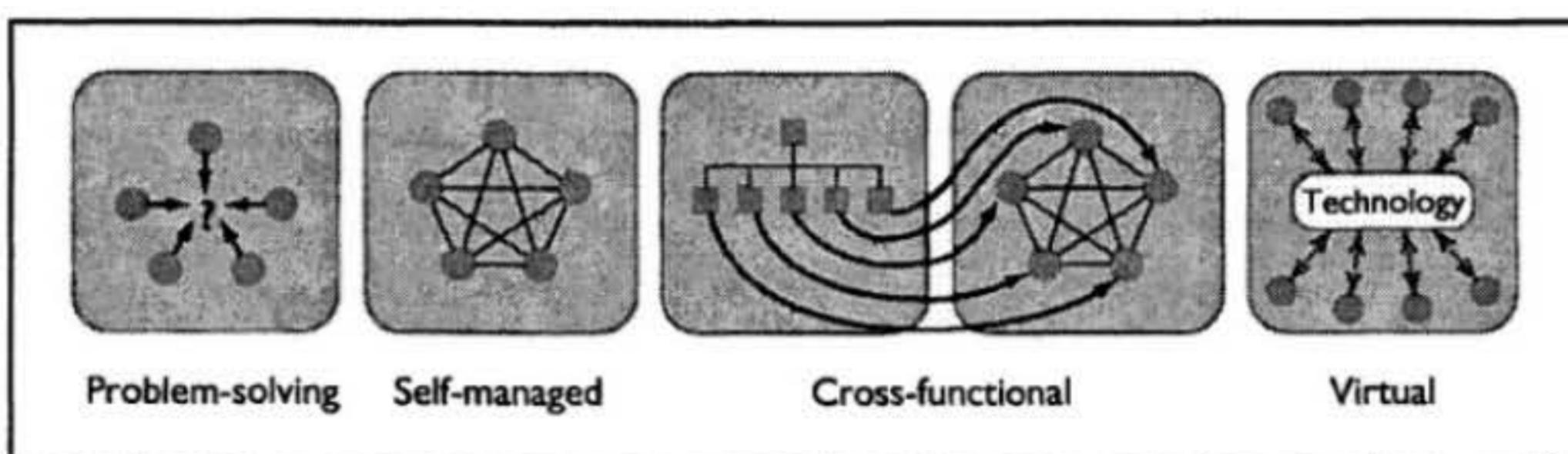
### Self-Managed Work Teams

Although problem-solving teams involve employees in decisions, they "only" make recommendations. Some organizations have gone further and created teams that can not only solve problems but implement solutions and take responsibility for outcomes.

**Self-managed work teams** are groups of employees (typically ten to fifteen in number) who perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors. Typically, these tasks involve planning and scheduling work, assigning tasks to members, making operating decisions, taking action on problems, and working with suppliers and customers. Fully self-managed

EXHIBIT 2

Four Types of Teams



work teams even select their own members and have the members evaluate each other's performance. As a result, supervisory positions take on decreased importance and may even be eliminated.

Business periodicals have been chock-full of articles describing successful applications of self-managed teams. But a word of caution needs to be offered: The overall research on the effectiveness of self-managed work teams has not been uniformly positive.<sup>4</sup> Moreover, although individuals on these teams do tend to report higher levels of job satisfaction compared to other individuals, they also sometimes have higher absenteeism and turnover rates. Inconsistency in findings suggests that the effectiveness of self-managed teams depends on the strength and makeup of team norms, the type of tasks the team undertakes, and the reward structure the team operates under—each of which can significantly influence how well the team performs.

### Cross-Functional Teams

The Boeing Company created a team made up of employees from production, planning, quality, tooling, design engineering, and information systems to automate shims on the company's C-17 program. The team's suggestions resulted in drastically reduced cycle time and cost as well as improved quality on the C-17 program.<sup>5</sup>

This Boeing example illustrates the use of **cross-functional teams**. These are teams made up of employees from about the same hierarchical level but from different work areas, who come together to accomplish a task.

Cross-functional teams are an effective means for allowing people from diverse areas within an organization (or even between organizations) to exchange information, develop new ideas and solve problems, and coordinate complex projects. Of course, cross-functional teams are no picnic to manage. Their early stages of development are often very time consuming, as members learn to work with diversity and complexity. It takes time to build trust and teamwork, especially among people from different backgrounds with different experiences and perspectives.

### Virtual Teams

The previously described types of teams do their work face-to-face. **Virtual teams** use computer technology to tie together physically dispersed members in order to achieve a common goal.<sup>6</sup> They allow people to collaborate online—using communication links such as wide-area networks, video conferencing, or e-mail—whether they're only a room away or continents apart. Virtual teams are so pervasive, and technology has advanced so far, that it's probably a bit of a misnomer to call these teams "virtual." Nearly all teams today do at least some of their work remotely.

Despite their ubiquity, virtual teams face special challenges. They may suffer because there is less social rapport and less direct interaction among members. They aren't able to duplicate the normal give-and-take of face-to-face discussion. Especially when members haven't personally met, virtual teams tend to be more task oriented and exchange less social-emotional information than face-to-face teams. Not surprisingly, virtual team members report less satisfaction with the group interaction process than do face-to-face teams. For virtual teams to be effective, management should ensure that (1) trust is established among team members (research has shown that one inflammatory remark in a team member e-mail can severely undermine team trust); (2) team progress is monitored closely (so the team doesn't lose sight of its goals and

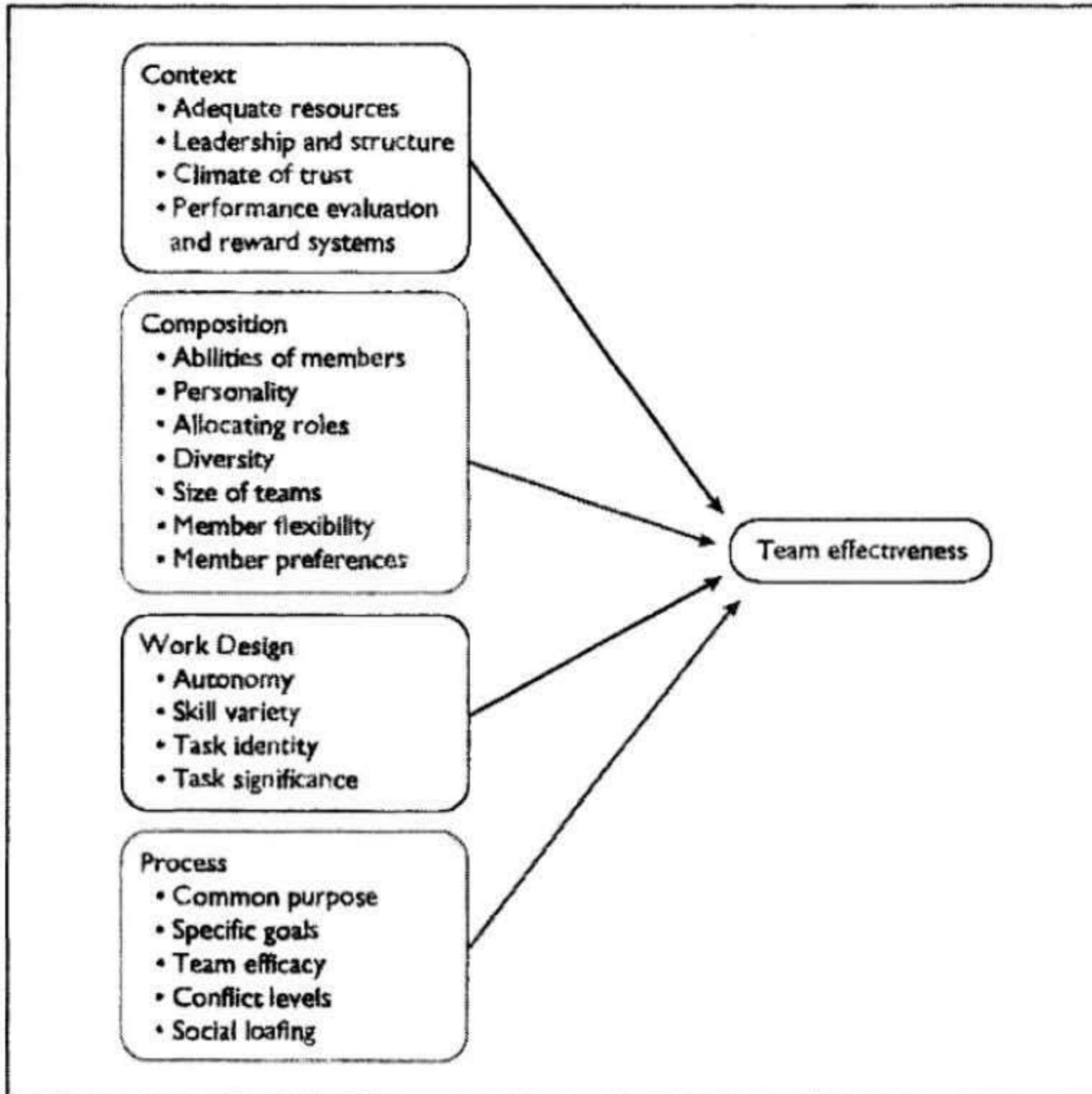
no team member “disappears”); and (3) the efforts and products of the virtual team are publicized throughout the organization (so the team does not become invisible).<sup>7</sup>

### Creating Effective Teams

Many have tried to identify factors related to team effectiveness. However, recent studies have organized what was once a “veritable laundry list of characteristics” into a relatively focused model.<sup>8</sup> Exhibit 3 summarizes what we currently know about what makes teams effective. As you’ll see, it builds on many of the group concepts.

The following discussion is based on the model in Exhibit 3. Keep in mind two caveats before we proceed. First, teams differ in form and structure. Because the model we present attempts to generalize across all varieties of teams, you need to be careful not to rigidly apply the model’s predictions to all teams. You should use the model as a guide. Second, the model assumes that it’s already been determined that teamwork is

**EXHIBIT 3** Team Effectiveness Model



preferable to individual work. Creating “effective” teams in situations in which individuals can do the job better is equivalent to solving the wrong problem perfectly.

The key components of effective teams can be subsumed into four general categories. First are the resources and other *contextual* influences that make teams effective. The second relates to the team’s *composition*. The third category is *work design*. Finally, *process* variables reflect those things that go on in the team that influences effectiveness. What does *team effectiveness* mean in this model? Typically, it has included objective measures of the team’s productivity, managers’ ratings of the team’s performance, and aggregate measures of member satisfaction.

## Context: What Factors Determine Whether Teams Are Successful

Four contextual factors appear to be most significantly related to team performance:

1. *Adequate Resources* Teams are part of a larger organization system. As such, every work team relies on resources outside the group to sustain it. A scarcity of resources directly reduces the ability of a team to perform its job effectively. As one set of researchers concluded, after looking at thirteen factors potentially related to group performance, “perhaps one of the most important characteristics of an effective work group is the support the group receives from the organization.”<sup>9</sup> This support includes timely information, proper equipment, adequate staffing, encouragement, and administrative assistance.
2. *Leadership and Structure* Teams can’t function if they can’t agree on who is to do what and ensure that all members contribute equally in sharing the work load. Agreeing on the specifics of work and how they fit together to integrate individual skills requires team leadership and structure. Leadership is especially important in **multi-team systems**—where different teams need to coordinate their efforts to produce a desired outcome. In such systems, leaders need to empower teams by delegating responsibility to them, and they need to play the role of facilitator, making sure the teams are coordinating their efforts so that they work together rather than against one another.<sup>10</sup>
3. *Climate of Trust* Members of effective teams trust each other. And they also exhibit trust in their leaders.<sup>11</sup> Interpersonal trust among team members facilitates cooperation, reduces the need to monitor each others’ behavior, and bonds members around the belief that others on the team won’t take advantage of them. Team members, for instance, are more likely to take risks and expose vulnerabilities when they believe they can trust others on their team. Similarly, trust is the foundation of leadership. Trust in leadership is important in that it allows a team to be willing to accept and commit to its leader’s goals and decisions.
4. *Performance Evaluation and Reward Systems* How do you get team members to be both individually and jointly accountable? The traditional, individually oriented evaluation and reward system must be modified to reflect team performance.<sup>12</sup> Individual performance evaluations and incentives may interfere with the development of high-performance teams. So in addition to evaluating and rewarding employees for their individual contributions, management should consider group-based appraisals, profit-sharing, gainsharing, small-group incentives, and other system modifications that reinforce team effort and commitment.

--Team composition  
matters—the optimal way  
to construct teams depends  
on the ability, skill, or trait  
under consideration.

## Team Composition

The team composition category includes variables that relate to how teams should be staffed. In this section, we address the ability and personality of team members, diversity, size of the team, and members’ preference for teamwork.

**Abilities of Members** Part of a team's performance depends on the knowledge, skills, and abilities of its individual members.<sup>13</sup> It's true that we occasionally read about an athletic team composed of mediocre players who, because of excellent coaching, determination, and precision teamwork, beats a far more talented group of players. But such cases make the news precisely because they represent an aberration. As the old saying goes, "The race doesn't always go to the swiftest nor the battle to the strongest, but that's the way to bet." A team's performance is not merely the summation of its individual members' abilities. However, these abilities set parameters for what members can do and how effectively they will perform on a team.

To perform effectively, a team requires three different types of skills. First, it needs people who have *technical expertise*. Second, it needs people who have the *problem-solving* and *decision-making skills* to be able to identify problems, generate alternatives, evaluate those alternatives, and make competent choices. Finally, teams need people who have good listening, feedback, conflict resolution, and other *interpersonal skills*.

Research on the skills and abilities of team members has revealed some interesting insights into team composition and performance. First, when the task entails considerable thought (for example, solving a complex problem such as reengineering an assembly line), high-ability teams (that is, teams composed of mostly intelligent members) do better than lower-ability teams, especially when the work load is distributed evenly. (That way, team performance does not depend on the weakest link.) High-ability teams are also more adaptable to changing situations in that they can more effectively adapt prior knowledge to suit a set of new problems.

Second, although high-ability teams generally have an advantage over lower-ability teams, this is not always the case. For example, when tasks are simple (for example, tasks that individual team members might be able to solve on their own), high-ability teams do not perform as well, perhaps because, in such tasks, high-ability teams become bored and turn their attention to other activities that are more stimulating, whereas low-ability teams stay on task. High-ability teams should be "saved" for tackling the tough problems. So matching team ability to the complexity of the task is important.

Finally, the ability of the team's *leader* also matters. Research shows that smart team leaders help less intelligent team members when they struggle with a task. But a less intelligent leader can neutralize the effect of a high-ability team.<sup>14</sup>

**Personality of Members** We demonstrated that personality has a significant influence on individual employee behavior. This can also be extended to team behavior. Many of the dimensions identified in the Big Five personality model have been shown to be relevant to team effectiveness. A recent review of the literature suggested that three of the Big Five traits were especially important for team performance.<sup>15</sup> Specifically, teams that rate higher on mean levels of conscientiousness and openness to experience tend to perform better. Moreover, the minimum level of team member agreeableness also matters: Teams did worse when they had one or more highly disagreeable members. Perhaps one bad apple *can* spoil the whole bunch!

Research has also provided us with a good idea about why these personality traits are important to teams. Conscientious people are valuable in teams because they're good at backing up other team members, and they're also good at sensing when that support is truly needed. Open team members communicate better with one another and throw out more ideas, which leads teams composed of open people to be more creative and innovative.<sup>16</sup>

Even if an organization does a really good job of selecting individuals for team roles, most likely they'll find there aren't enough, say, conscientious people to go around. Suppose an organization needs to create 20 teams of 4 people each and has 40 highly conscientious people and 40 who score low on conscientiousness. Would the organization be better off (A) putting all the conscientious people together (forming 10 teams with the highly conscientious people and 10 teams of members low on conscientiousness) or (B) "seeding" each team with 2 people who scored high and 2 who scored low on conscientiousness?

Perhaps surprisingly, the evidence tends to suggest that option A is the best choice; performance across the teams will be higher if the organization forms 10 highly conscientious teams and 10 teams low in conscientiousness. "This may be because, in such teams, members who are highly conscientious not only must perform their own tasks but also must perform or redo the tasks of low-conscientious members. It may also be because such diversity leads to feelings of contribution inequity."<sup>17</sup>

**Diversity of Members** We discussed research on the effect of diversity on groups. How does *team* diversity affect *team* performance?

Many of us hold the optimistic view that diversity should be a good thing—diverse teams should benefit from differing perspectives and do better. Unfortunately, the evidence appears to favor the pessimists. One review concluded, "Studies on diversity in teams from the last 50 years have shown that surface-level social-category differences such as race/ethnicity, gender, and age tend to . . . have negative effects" on the performance of teams.<sup>18</sup> As in the literature on groups, there is some evidence that the disruptive effects of diversity decline over time, but unlike in group literature, there is less evidence that diverse teams perform better eventually.

One of the pervasive problems with teams is that although diversity may have real potential benefits, a team is deeply focused on commonly held information. But if diverse teams are to realize their creative potential, they need to focus not on their similarities but on their differences. There is some evidence, for example, that when team members believe others have more expertise, they will work to support those members, leading to higher levels of effectiveness.<sup>19</sup> The key is for diverse teams to communicate what they uniquely know and also what they don't know.

**Size of Teams** The president of AOL Technologies says the secret to a great team is to "think small. Ideally, your team should have seven to nine people."<sup>20</sup> His advice is supported by evidence.<sup>21</sup> Generally speaking, the most effective teams have five to nine members; experts suggest using the smallest number of people who can do the task. Unfortunately, there is a pervasive tendency for managers to err on the side of making teams too large. Although a minimum of four or five may be necessary to develop diversity of views and skills, managers seem to seriously underestimate how coordination problems can exponentially increase as team members are added.

*—By matching individual preferences with team role demands, managers increase the likelihood that the team members will work well together.*

When teams have excess members, cohesiveness and mutual accountability decline, social loafing increases, and more and more people do less talking relative to others. Moreover, large teams have trouble coordinating with one another, especially when under time pressure. So in designing effective teams, managers should try to keep them at nine or fewer members. If a natural working unit is larger and you want a team effort, consider breaking the group into subteams.<sup>22</sup>

**Member Preferences** Not every employee is a team player. Given the option, many employees will select themselves *out* of team participation. When people who would prefer to work alone are required to team up, there is a direct threat to the team's morale and to individual member satisfaction.<sup>23</sup> This suggests that, when selecting team members, individual preferences should be considered along with abilities, personalities, and skills. High-performing teams are likely to be composed of people who prefer working as part of a group.

### Work Design

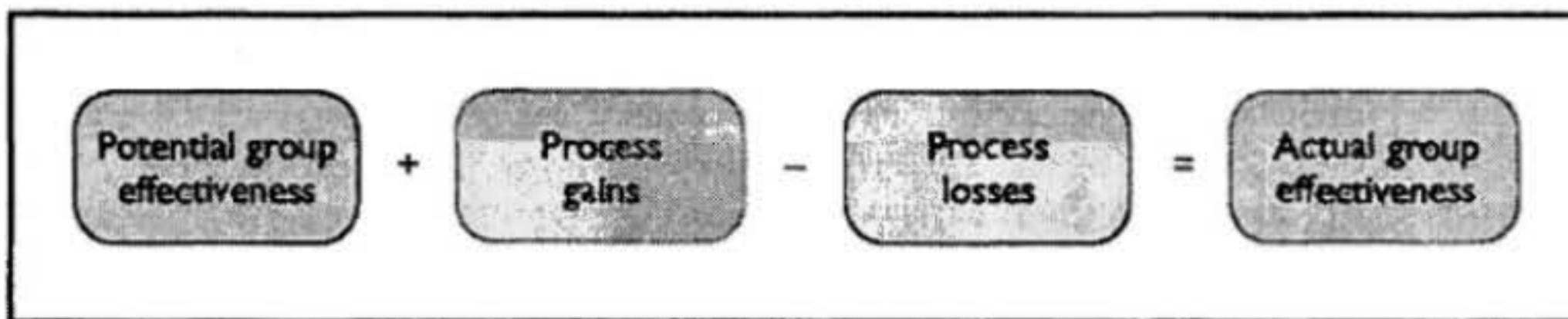
Effective teams need to work together and take collective responsibility for completing significant tasks. An effective team must be more than a "team in name only."<sup>24</sup> Based on terminology, the work-design category includes variables such as freedom and autonomy, the opportunity to use different skills and talents (skill variety), the ability to complete a whole and identifiable task or product (task identity), and work on a task or project that has a substantial impact on others (task significance). The evidence indicates that these characteristics enhance member motivation and increase team effectiveness.<sup>25</sup> These work-design characteristics motivate because they increase members' sense of responsibility and ownership of the work and because they make the work more interesting to perform.

### Team Processes

The final category related to team effectiveness is process variables. These include member commitment to a common purpose, establishment of specific team goals, team efficacy, a managed level of conflict, and minimization of social loafing.

Why are processes important to team effectiveness? One way to answer this question is to return to the topic of social loafing. We found that 1+1+1 doesn't necessarily add up to 3. In team tasks for which each member's contribution is not clearly visible, there is a tendency for individuals to decrease their effort. Social loafing, in other words, illustrates a process loss as a result of using teams. But team processes should produce positive results. That is, teams should create outputs greater than the sum of their inputs. The development of creative alternatives by a diverse group would be one such instance. Exhibit 4 illustrates how group processes can have an impact on a group's actual effectiveness.<sup>26</sup> Research teams are often used in research laboratories because they can draw on the diverse skills of various individuals to produce more meaningful research as a team than could be generated by all the researchers working independently; that is, they produce positive synergy. Their process gains exceed their process losses.

**EXHIBIT 4** Effects of Group Processes



**Common Plan and Purpose** An effective team has a common plan and purpose that provides direction, momentum, and commitment for members.<sup>27</sup> This purpose is a vision, or master, plan. It's broader than specific goals.

Members of successful teams put a tremendous amount of time and effort into discussing, shaping, and agreeing on a purpose that belongs to them both collectively and individually. This common purpose, when accepted by the team, becomes the equivalent of what celestial navigation is to a ship captain: it provides direction and guidance under any and all conditions. Like the proverbial ship following the wrong course, teams that don't have good planning skills are doomed; perfectly executing the wrong plan is a lost cause.<sup>28</sup> Effective teams also show **reflexivity**, meaning that they reflect on and adjust their master plan when necessary. A team has to have a good plan, but it also has to be willing and able to adapt when conditions call for it.<sup>29</sup>

**Specific Goals** Successful teams translate their common purpose into specific, measurable, and realistic performance goals. We demonstrated how goals lead individuals

*—As long as it remains focused on the task, conflicts stimulate discussion, promote critical assessment of problems and options, and can lead to better team decisions.*

to higher performance, goals also energize teams. Specific goals facilitate clear communication. They also help teams maintain their focus on getting results.

Also, consistent with the research on individual goals, team goals should be challenging. Difficult goals have been found to raise team performance on those criteria for which they're set. So, for instance, goals for quantity tend to raise quantity, goals for speed tend to raise speed, goals for accuracy raise accuracy, and so on.<sup>30</sup>

**Team Efficacy** Effective teams have confidence in themselves. They believe they can succeed. We call this *team efficacy*.<sup>31</sup> Success breeds success. Teams that have been successful raise their beliefs about future success, which, in turn, motivates them to work harder. What, if anything, can management do to increase team efficacy? Two possible options are helping the team to achieve small successes and providing skill training. Small successes build team confidence. As a team develops an increasingly stronger performance record, it also increases the collective belief that future efforts will lead to success. In addition, managers should consider providing training to improve members' technical and interpersonal skills. The greater the abilities of team members, the greater the likelihood that the team will develop confidence and the capability to deliver on that confidence.

**Mental Models** Effective teams have accurate and common **mental models**—knowledge and beliefs (a “psychological map”) about how the work gets done. If team members have the wrong mental models, which is particularly likely to happen with teams under acute stress, their performance suffers.<sup>32</sup> For example, in the Iraq war, many military leaders said they underestimated the power of the insurgency and the infighting among Iraqi religious sects. The similarity of team members' mental models matters, too. If team members have different ideas about how to do things, the teams will fight over how to do things rather than focus on what needs to be done.<sup>33</sup>

**Conflict Levels** Conflict on a team isn't necessarily bad. Teams that are completely void of conflict are likely to become apathetic and stagnant. So conflict can actually improve team effectiveness.<sup>34</sup> But not all types of conflict. Relationship conflicts—those based on interpersonal incompatibilities, tension, and animosity toward others—are almost always dysfunctional. However, on

teams performing nonroutine activities, disagreements among members about task content (called *task conflicts*) is not detrimental. In fact, it is often beneficial because it reduces the likelihood of groupthink. Task conflicts stimulate discussion, promote critical assessment of problems and options, and can lead to better team decisions. So, effective teams can be characterized as having an appropriate level of conflict.

**Social Loafing** We talked about the fact that individuals can hide inside a group. They can engage in social loafing and coast on the group's effort because their individual contributions can't be identified. Effective teams fight this tendency by holding themselves accountable at both the individual and team levels. Successful teams make members individually and jointly accountable for the team's purpose, goals, and approach.<sup>35</sup> Therefore, members should be clear on what they are individually responsible for and what they are jointly responsible for.

## TURNING INDIVIDUALS INTO TEAM PLAYERS

To this point, we've made a strong case for the value and growing popularity of teams, but many people are not inherently team players. There are also many organizations that have historically nurtured individual accomplishments. Finally, countries differ in terms of how they rate on individualism and collectivism. Teams fit well with countries that score high on collectivism. But what if an organization wants to introduce teams into a work population that is made up largely of individuals born and raised in an individualistic society? A veteran employee of a large company, who had done well working in an individualistic company in an individualist country, described the experience of joining a team: "I'm learning my lesson. I just had my first negative performance appraisal in 20 years."<sup>36</sup>

So what can organizations do to enhance team effectiveness—to turn individual contributors into team members? The following are the primary options managers have for trying to turn individuals into team players.

**Selection: Hiring Team Players** Some people already possess the interpersonal skills to be effective team players. When hiring team members, in addition to the technical skills required to fill the job, care should be taken to ensure that candidates can fulfill their team roles as well as technical requirements.<sup>37</sup> Very disagreeable or unconscientious people, for example, are probably not your first choice as team members.

**Training: Creating Team Players** A large proportion of people raised on the importance of individual accomplishments can be trained to become team players. Training specialists conduct exercises that allow employees to experience the satisfaction that teamwork can provide. They typically offer workshops to help employees improve their problem-solving, communication, negotiation, conflict-management, and coaching skills. Emerson Electric's Specialty Motor Division in Missouri, for instance, has achieved remarkable success in getting its 650-member workforce not only to accept but to welcome team training.<sup>38</sup> Outside consultants were brought in to give workers practical skills for working in teams. After less than one year, employees were enthusiastically accepting the value of teamwork.

**Rewarding: Providing Incentives to Be a Good Team Player** An organization's reward system needs to be reworked to encourage cooperative efforts rather than

competitive ones.<sup>39</sup> For instance, Hallmark Cards, Inc., added to its basic individual-incentive system an annual bonus based on achievement of team goals. Trigon Blue Cross/Blue Shield changed its system to reward an even split between individual goals and team-like behaviors.<sup>40</sup>

## BEWARE! TEAMS AREN'T ALWAYS THE ANSWER

Teamwork takes more time and often more resources than individual work. For instance, teams have increased communication demands, conflicts to be managed, and meetings to be run. So the benefits of using teams have to exceed the costs. And that's not always the case.<sup>41</sup> In the excitement to enjoy the benefits of teams, some managers have introduced them into situations in which the work is better done by individuals. Before you rush to implement teams, you should carefully assess whether the work requires or will benefit from a collective effort.

How do you know if the work of your group would be better done in teams? It's been suggested that three tests be applied to see if a team fits the situation.<sup>42</sup> First, can the work be done better by more than one person? A good indicator is the complexity of the work and the need for different perspectives. Simple tasks that don't require diverse input are probably better left to individuals. Second, does the work create a common purpose or set of goals for the people in the group that is more than the aggregate of individual goals? For instance, many new-car dealer service departments have introduced teams that link customer-service personnel, mechanics, parts specialists, and sales representatives. Such teams can better manage collective responsibility for ensuring that customer needs are properly met. The final test to assess whether teams fit the situation is to determine whether the members of the group are interdependent. Using teams makes sense when there is interdependence between tasks—when the success of the whole depends on the success of each one *and* the success of each one depends on the success of the others. Soccer, for instance, is an obvious *team* sport. Success requires a great deal of coordination between interdependent players. Conversely, except possibly for relays, swim teams are not really teams. They're groups of individuals, performing individually, whose total performance is merely the aggregate summation of their individual performances.

### GLOBAL IMPLICATIONS

Although research on global considerations in the use of teams is just beginning, three areas are particularly worth mentioning: the extent of teamwork, self-managed teams, and team cultural diversity.

**Extent of Teamwork** Although the use of work teams is pervasive in the United States, some evidence suggests that the extent of teamwork—the degree to which teams deeply affect the way work is done—is not as significant in the United States as in other countries. One study comparing U.S. workers to Canadian and Asian workers revealed that 51 percent of workers in Asia-Pacific and 48 percent of Canadian employees report high levels of teamwork. But only about one-third (32 percent) of U.S. employees say their organization has a high level of teamwork.<sup>43</sup> Thus, although teamwork is widely used in the United States, this evidence suggests that there still is a heavy role for individual

contributions. Given that U.S. culture is highly individualistic, that may continue to be true for quite some time.

**Self-Managed Teams** Although self-managed teams have not proven to be the panacea many thought they would be, special care needs to be taken when introducing self-managed teams globally. For instance, evidence suggests that these types of teams have not fared well in Mexico, largely due to the culture's low tolerance of ambiguity and uncertainty and employees' strong respect for hierarchical authority.<sup>44</sup> Thus, in countries that are relatively high in power distance—meaning that roles of leaders and followers are clearly delineated—a team may need to be structured so that leadership roles are spelled out and power relationships are identified.

**Team Cultural Diversity and Team Performance** Earlier, we discussed research on team diversity in terms of factors such as race or gender. But what about diversity created by national differences? Like the earlier research, evidence indicates that these elements of diversity interfere with team processes, at least in the short term.<sup>45</sup> Cultural diversity does seem to be an asset for tasks that call for a variety of viewpoints. But culturally heterogeneous teams have more difficulty learning to work with each other and solving problems. The good news is that these difficulties seem to dissipate with time. Although newly formed culturally diverse teams underperform newly formed culturally homogeneous teams, the differences disappear after about 3 months.<sup>46</sup> The reason is that it takes culturally diverse teams a while to learn how to work through disagreements and different approaches to solving problems.

#### IMPLICATIONS FOR MANAGERS

Few trends have influenced employee jobs as much as the massive movement to introduce teams into the workplace. The shift from working alone to working on teams requires employees to cooperate with others, share information, confront differences, and minimize personal interest for the greater good of the team. Effective teams have common characteristics:

- Adequate resources
- Effective leadership
- A climate of trust
- A performance evaluation and reward system that reflects team contributions

Effective teams have individuals with technical expertise, as well as problem-solving, decision-making, and interpersonal skills; team members also have high scores on the personality characteristics of agreeableness, conscientiousness, and openness to experience. Effective teams also tend to be small—with fewer than ten people—preferably made up of individuals with diverse backgrounds. They have members who fill role demands, are flexible, and prefer to be part of a group. The work that members do provides freedom and autonomy, the opportunity to use different skills and talents, the ability to complete a whole and identifiable task or product, and work that has a substantial impact on others. Also, effective teams have members committed to a common purpose, specific team goals, members who believe in the team's capabilities, a manageable level of conflict, and a minimal degree of social loafing.

Because individualistic organizations and societies attract and reward individual accomplishments, it is more difficult to create team players in these environments. To make the conversion, management should select individuals with the interpersonal skills to be effective team players, provide training to develop teamwork skills, and reward individuals for cooperative efforts.

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## HARRY AND LEARNING TEAM 28

On a chilly fall evening in early November, the learning team meeting, as always, started at 8:00 PM. All six members, Mark, Jane, Rajesh, Dick, Harry, and Svetlana were seated around the table with their laptops open. Dick was leading the first case for the night. He asked everyone if they were ready to begin the discussion for the Finance case.

Harry responded, "Ok, but can we go more slowly this time? The last time I sat through finance class, the professor asked me a question about which I was clueless." Dick and Jane exchanged quick glances. Harry seemed to catch the nonverbal gesture. He looked from one to the other, but said nothing. Rajesh replied, "That isn't a problem, Harry. Just ask us about anything that doesn't make sense as we go along. You know that."

Rajesh waited for Harry to respond. Harry fidgeted in his chair, glanced at Dick, and grimaced slightly. He didn't seem to be satisfied with Rajesh's reassurance, but didn't say anything else to the team.

### A New Team Forms at Darden

Learning team #28 was a diverse group. Mark and Harry were both "poets," having studied political science and literature respectively at small liberal arts colleges. Mark had worked for a nonprofit; Harry was a graphic designer before Darden. Dick was a finance major from a top Eastern school and had worked as a financial analyst for six years before he decided to take a break by attending business school. He was married and had a six-month-old daughter whom he described as his "bundle of joy." Like Dick, Jane was married with a two-year-old son. She had spent five years at a leading consulting firm as a business analyst, after graduating with a major in marketing. Svetlana was an accountant from Bulgaria and had been a relationship manager at a large commercial bank in Sofia for four years. While receiving an MBA was her primary goal, she also hoped to improve her English during her stint in the United States. Rajesh, an engineer, had worked in manufacturing for the largest petrochemical company in India.

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This case was prepared by Roy Kuruvilla, James Pilachowski, and Prashant Prasad under the supervision of Professor Lynn Isabella. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2004 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an e-mail to sales@dardenpublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.*

The learning teams were assigned during orientation, and the team described their first meeting as a “great experience.” Harry’s sentiment was shared by others: “We are such a diverse set of people. We all became friends instantaneously. We even went out for drinks the same evening, and I really got to know my team well. They are all fabulous people.” The team met a couple more times during orientation, and the rapport continued to be excellent. They decided to meet at 7 PM on Sunday for their first learning team meeting. No one seemed to mind that there was little discussion of norms or expectations. That very first Sunday, the team jumped straight into their accounting case.

The first quarter passed without any major hiccups, and the learning team check-in (a designated class period set aside for learning teams to talk about their process) was a nonevent for them. They skipped the class and went off for lunch instead. While the work load was extremely heavy, all of the members agreed that they were learning more than they thought possible. However, the team had already begun to fracture into two subgroups, although they were not aware of it at the time. Communication tended to occur more smoothly within the subgroups than between the whole team. Dick and Jane, given their family commitments, shared a desire to get out of learning team every night before 10:00 PM. Mark and Harry (“the poets”) shared an interest in intellectualizing about questions that were typically outside the scope of the cases, but they struggled somewhat with the more technical aspects of accounting and finance. Finally, Svetlana and Rajesh tended to be more soft-spoken during case discussions, often requiring prompting to offer their own perspectives on cases.

### **Leave No Person Behind**

From the outset of the second quarter, Harry knew that he was in over his head in finance. He struggled through the first few cases, often using his afternoons to sift through the finance textbook, trying to make sense of the new concepts and techniques that had been introduced the day before or in that night’s case. In fact, on many occasions, he found himself neglecting his other courses, even when his team was expecting him to lead a case in one of those subjects.

After a week of struggling in this fashion, Harry implored his team for help in closing his knowledge gap. Initially, all were willing to take the extra time during learning team meetings to help get Harry up to speed. Not surprisingly, Mark was the most sympathetic. As a fellow poet, he also struggled somewhat with finance but had managed to build his own competency more rapidly than had Harry. Thus, it was Mark who mounted support for Harry during the early part of the quarter, standing beside his colleague even when he failed to prepare his other cases.

Dick and Jane understood finance quite well and were initially anxious to lend a hand to Harry to help him reach parity as soon as possible. Unfortunately, they became frustrated quickly when they realized that Harry’s struggles with finance would not be overcome within a week or two. For instance, when Harry expressed dismay about being lost while reading the fourth or fifth finance case of the quarter, Jane testily responded, “Why don’t you let us know specifically

what you don't understand, and we'll take a few minutes to explain it to you." Harry did not exactly know what he did not understand; he had trouble explaining that to the rest of the group. Consequently, the team spent 45 minutes trying to help him understand the general concepts of that night's case. To Dick's annoyance, they did not complete that night's study questions.

### **Secret Meeting**

Within two or three weeks, the team came to realize that Harry was simply not absorbing the material quickly enough to keep pace. His special learning sessions had grown progressively longer in duration. Now it was rare for one of his team-tutoring sessions in finance to last less than one hour.

One afternoon, Dick sent an email to everyone on the team, except for Harry. The email suggested that the team meet the next afternoon for lunch to discuss potential solutions to "the Harry problem." Only Mark seemed to have reservations about accepting the invitation. He did not think that it was fair for the team to talk about Harry behind his back. In the end, however, he decided to attend in order to ensure that Harry's best interests were not entirely ignored during the meeting.

As the team convened in Café 67 the next day, it was clear that Dick and Jane were in charge. They sat next to each other at the head of one of the café's conference tables, and each nodded emphatically as the other explained how critical it was that "the Harry problem" be addressed quickly.

**Dick:** It is clear that we need to be more efficient if we are going to keep pace with the other teams. Right now, Harry is really holding us back. Jane and I wanted us to get together as a team to discuss potential solutions to this problem, so that we can get our team back on track.

**Jane:** Why don't we go around the table and each share one potential solution to the problem? Rajesh, we haven't really heard how you feel about this whole situation. Why don't you help us start the discussion?

Rajesh shifted in his stool uncomfortably, looking from Jane to Svetlana.

**Rajesh:** I, uh, didn't really think that we had an efficiency problem. I thought that we were trying to come up with solutions to help Harry. I don't have a problem staying late some nights to help Harry learn finance.

**Mark:** I agree with Rajesh. We shouldn't be thinking about learning team in terms of a competition! We are doing what we need to, in order to get through the year as a team.

**Jane:** Why don't you tell that to my husband? While you are at it, explain to my children why I am never home in time to read to them or tuck them into bed! We need to find a way to reduce the amount of time we waste trying to make Harry understand a subject that he doesn't seem capable of learning.

Hearing this, Rajesh immediately dropped his eyes to his rather sub-par slice of cheese pizza. He wasn't hungry anymore. He did not like it when people raised their voices during meetings. Both he and Svetlana often talked about how much they disliked the confrontational nature of so many of their team discussions. He was surprised to hear Svetlana chirp up.

**Svetlana:** Jane, I understand that you are disappointed that you haven't had more time for your family this semester. However, I think that Rajesh and Mark are right about our needing to help Harry rather than assume that he is somehow ruining our team.

**Dick:** But, think about it, guys. A chain is only as strong as its weakest link. Does anyone really dispute that Harry is our weakest link? You all know that we certainly can't trust him to lead finance cases. But, also, on any night that we have a finance case, we know that he won't spend any time on other courses, so we can't depend on him for operations or marketing. So, what can we count on him to do? How is he helping us? I am seriously considering asking him to leave the team. Maybe he would have better luck with a team that moved at his pace.

**Jane:** That sounds like a great plan to me. I know it won't be easy. However, think about how great it would be every night, if we didn't have Harry slowing us down.

**Rajesh:** I don't like that idea at all. It isn't Harry's fault that he is having so much trouble with this course. We should really be able to find some plan for compromising so that we can help him to learn and also help you guys get home to your families at a decent time each night."

**Dick:** Why don't we agree to send Harry our notes from finance class and give him the best spreadsheet every night so that he can look at it after the meeting? We'll explain this plan to Harry at our next meeting, so that he knows that things have changed."

Jane readily agreed to this plan. Svetlana and Rajesh thought that the idea was better than simply leaving Harry to his own devices for the rest of the year. More than anything, though, they seemed relieved that the plan would end the conversation and allow the team to step back from the conflict that was starting to bubble to the surface. Mark was relieved to hear that the team wasn't seriously considering asking his friend to leave. On the other hand, he wondered if this course of action would really provide Harry with the support that he seemed to need so badly.

### The New Plan Is Unveiled

The five members agreed to arrive early the next night so that they would all be present when Harry arrived. He walked into the room promptly at 8:00 PM to find his teammates waiting for him. They were awkwardly quiet. Mark would not look him in the eye.

**Dick:** Harry, we want to take some time to talk with you about how learning team has been progressing so far this semester.

Dick waited for a moment before continuing. Harry didn't say anything, wanting to hear exactly what Dick was talking about.

**Dick:** The team met last night to discuss what we can do about your problems with finance. We don't think that we can afford to spend as much time walking through the concepts with you anymore. We agreed that is keeping us from being as efficient as we need to be.

Harry looked puzzled. He looked around the room; only Dick and Jane were willing to look at him directly. The others seemed to be busy working on their computers. Harry was hurt that the team had had such an important discussion without him. He looked down, trying to think of something to say.

**Jane:** We know it is hard for you. So we are each going to send you our notes from finance each day, and pick out the best spreadsheet, so that you have the best materials possible every day as you walk into class. In fact, since we'll be spending more time on answering the questions for the cases, I'm willing to bet that we'll have some of the best spreadsheets around.

**Harry:** I feel guilty that I have been slowing you guys down. I didn't realize that it was causing such a problem for everyone.

Harry again looked around the room, looking for evidence that everyone felt the same way about the situation. Mark shifted in his chair, looking up as if he was about say something. Dick and Jane immediately looked at him. He looked back at his computer and remained silent. Rajesh and Svetlana looked even more uncomfortable with the conversation. They hoped that the conversation would end quickly and they could start talking about the cases.

**Harry:** OK. It seems as though the team has agreed. I will have to do my best to abide by the decision. Let's get started on tonight's cases so that we don't waste any more time.

### The Plan in Action

As the semester moved along, Harry became progressively quieter during case conversations. It was implicitly understood that he would not lead any case discussions. He spent almost all of his time struggling to decipher the finance notes and spreadsheets that he received every evening. Mark stayed after learning team almost every night to walk him through his own notes and spreadsheet. Harry greatly appreciated the assistance. However, the material was only getting more complicated. Because he was spending more time studying and worrying about upcoming exams, he wasn't getting much sleep. Thus, he was having a great deal of trouble focusing in class and during learning team meetings.

During those meetings, he would not offer any of his thoughts unless someone asked him a direct question. In fact, he no longer asked any questions during learning team, regardless of the subject. He felt that doing so would only slow down the team. He worried that the team had lost faith in him and that if he did anything else to raise their ire, they might ask him to leave the team. After all, while the spreadsheets and notes were so over his head that they only provided a modicum of assistance, it was better than walking into class empty-handed. He could not afford to lose his access to this information.

### A New Precedent Is Set

Harry's concern about slowing down the team seemed to become pervasive throughout the team. Dick and Jane tended to work hard to keep the team focused on the case questions. They were thrilled to be leaving learning team every night by 10:00 PM. They noted with satisfaction that the great majority of other teams were still in their learning team rooms while they were walking out to the parking garage.

Rajesh and Svetlana talked between themselves about how they felt that the case discussions could be much richer if the team would allow their conversation to expand beyond the highly directive case questions. However, neither of them was willing to act as a catalyst in challenging Dick or Jane to change the way that the case discussions were structured.

Given their impromptu tutoring sessions, Mark was worried that his friend might not be able to pass the final exam in finance. After all, it was less than three weeks away. Moreover, he knew that Harry couldn't depend upon participation to buoy his overall grade. Harry had admitted to him that he only spoke in class when his professor asked him a question, and he was convinced that his answers did not add value to the conversation at all.

Like Rajesh and Svetlana, Mark sensed that the learning team was not helping either Harry or any other member as much as it could. He wondered whether there was time this semester to take new steps to help Harry and to chart a new course for the learning team.

*IQ and technical skills are important, but emotional intelligence is the sine qua non of leadership.*

BEST OF HBR 1998

# What Makes a Leader?

by Daniel Goleman

It was Daniel Goleman who first brought the term "emotional intelligence" to a wide audience with his 1995 book of that name, and it was Goleman who first applied the concept to business with his 1998 HBR article, reprinted here. In his research at nearly 200 large, global companies, Goleman found that while the qualities traditionally associated with leadership—such as intelligence, toughness, determination, and vision—are required for success, they are insufficient. Truly effective leaders are also distinguished by a high degree of emotional intelligence, which includes self-awareness, self-regulation, motivation, empathy, and social skill.

These qualities may sound "soft" and unbusinesslike, but Goleman found direct ties between emotional intelligence and measurable business results. While emotional intelligence's relevance to business has continued to spark debate over the past six years, Goleman's article remains the definitive reference on the subject, with a description of each component of emotional intelligence and a detailed discussion of how to recognize it in potential leaders, how

and why it connects to performance, and how it can be learned.

Every businessperson knows a story about a highly intelligent, highly skilled executive who was promoted into a leadership position only to fail at the job. And they also know a story about someone with solid—but not extraordinary—intellectual abilities and technical skills who was promoted into a similar position and then soared.

Such anecdotes support the widespread belief that identifying individuals with the "right stuff" to be leaders is more art than science. After all, the personal styles of superb leaders vary: Some leaders are subdued and analytical; others shout their manifestos from the mountaintops. And just as important, different situations call for different types of leadership. Most mergers need a sensitive negotiator at the helm, whereas many turnarounds require a more forceful authority.

I have found, however, that the most effective leaders are alike in one crucial way: They

all have a high degree of what has come to be known as *emotional intelligence*. It's not that IQ and technical skills are irrelevant. They do matter, but mainly as "threshold capabilities"; that is, they are the entry-level requirements for executive positions. But my research, along with other recent studies, clearly shows that emotional intelligence is the sine qua non of leadership. Without it, a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader.

In the course of the past year, my colleagues and I have focused on how emotional intelligence operates at work. We have examined the relationship between emotional intelligence and effective performance, especially in leaders. And we have observed how emotional intelligence shows itself on the job. How can you tell if someone has high emotional intelligence, for example, and how can you recognize it in yourself? In the following pages, we'll explore these questions, taking each of the components of emotional intelligence—self-awareness, self-regulation, motivation, empathy, and social skill—in turn.

### Evaluating Emotional Intelligence

Most large companies today have employed trained psychologists to develop what are known as "competency models" to aid them in identifying, training, and promoting likely stars in the leadership firmament. The psychologists have also developed such models for lower-level positions. And in recent years, I have analyzed competency models from 188 companies, most of which were large and global and included the likes of Lucent Technologies, British Airways, and Credit Suisse.

In carrying out this work, my objective was to determine which personal capabilities drove outstanding performance within these organizations, and to what degree they did so. I grouped capabilities into three categories: purely technical skills like accounting and business planning; cognitive abilities like analytical reasoning; and competencies demonstrating emotional intelligence, such as the ability to work with others and effectiveness in leading change.

To create some of the competency models, psychologists asked senior managers at the companies to identify the capabilities that typified the organization's most outstanding leaders. To create other models, the psychologists used

objective criteria, such as a division's profitability, to differentiate the star performers at senior levels within their organizations from the average ones. Those individuals were then extensively interviewed and tested, and their capabilities were compared. This process resulted in the creation of lists of ingredients for highly effective leaders. The lists ranged in length from seven to 15 items and included such ingredients as initiative and strategic vision.

When I analyzed all this data, I found dramatic results. To be sure, intellect was a driver of outstanding performance. Cognitive skills such as big-picture thinking and long-term vision were particularly important. But when I calculated the ratio of technical skills, IQ, and emotional intelligence as ingredients of excellent performance, emotional intelligence proved to be twice as important as the others for jobs at all levels.

Moreover, my analysis showed that emotional intelligence played an increasingly important role at the highest levels of the company, where differences in technical skills are of negligible importance. In other words, the higher the rank of a person considered to be a star performer, the more emotional intelligence capabilities showed up as the reason for his or her effectiveness. When I compared star performers with average ones in senior leadership positions, nearly 90% of the difference in their profiles was attributable to emotional intelligence factors rather than cognitive abilities.

Other researchers have confirmed that emotional intelligence not only distinguishes outstanding leaders but can also be linked to strong performance. The findings of the late David McClelland, the renowned researcher in human and organizational behavior, are a good example. In a 1996 study of a global food and beverage company, McClelland found that when senior managers had a critical mass of emotional intelligence capabilities, their divisions outperformed yearly earnings goals by 20%. Meanwhile, division leaders without that critical mass underperformed by almost the same amount. McClelland's findings, interestingly, held as true in the company's U.S. divisions as in its divisions in Asia and Europe.

In short, the numbers are beginning to tell us a persuasive story about the link between a company's success and the emotional intelligence of its leaders. And just as important, research is also demonstrating that people can, if

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they take the right approach, develop their emotional intelligence. (See the sidebar "Can Emotional Intelligence Be Learned?")

### **Self-Awareness**

Self-awareness is the first component of emotional intelligence—which makes sense when one considers that the Delphic oracle gave the advice to “know thyself” thousands of years ago. Self-awareness means having a deep understanding of one’s emotions, strengths, weaknesses, needs, and drives. People with strong self-awareness are neither overly critical nor unrealistically hopeful. Rather, they are honest—with themselves and with others.

People who have a high degree of self-awareness recognize how their feelings affect them, other people, and their job performance. Thus, a self-aware person who knows that tight deadlines bring out the worst in him plans his time carefully and gets his work done well in advance. Another person with high self-awareness will be able to work with a demanding client. She will understand the client’s impact on her moods and the deeper reasons for her frustra-

tion. “Their trivial demands take us away from the real work that needs to be done,” she might explain. And she will go one step further and turn her anger into something constructive.

Self-awareness extends to a person’s understanding of his or her values and goals. Someone who is highly self-aware knows where he is headed and why; so, for example, he will be able to be firm in turning down a job offer that is tempting financially but does not fit with his principles or long-term goals. A person who lacks self-awareness is apt to make decisions that bring on inner turmoil by treading on buried values. “The money looked good so I signed on,” someone might say two years into a job, “but the work means so little to me that I’m constantly bored.” The decisions of self-aware people mesh with their values; consequently, they often find work to be energizing.

How can one recognize self-awareness? First and foremost, it shows itself as candor and an ability to assess oneself realistically. People with high self-awareness are able to speak accurately and openly—although not necessarily effusively or confessionally—about their emo-

## The Five Components of Emotional Intelligence at Work

	Definition	Hallmarks
Self-Awareness	the ability to recognize and understand your moods, emotions, and drives, as well as their effect on others	self-confidence realistic self-assessment self-deprecating sense of humor
Self-Regulation	the ability to control or redirect disruptive impulses and moods the propensity to suspend judgment—to think before acting	trustworthiness and integrity comfort with ambiguity openness to change
Motivation	a passion to work for reasons that go beyond money or status a propensity to pursue goals with energy and persistence	strong drive to achieve optimism, even in the face of failure organizational commitment
Empathy	the ability to understand the emotional makeup of other people skill in treating people according to their emotional reactions	expertise in building and retaining talent cross-cultural sensitivity service to clients and customers
Social Skill	proficiency in managing relationships and building networks an ability to find common ground and build rapport	effectiveness in leading change persuasiveness expertise in building and leading teams

tions and the impact they have on their work. For instance, one manager I know of was skeptical about a new personal-shopper service that her company, a major department-store chain, was about to introduce. Without prompting from her team or her boss, she offered them an explanation: "It's hard for me to get behind the rollout of this service," she admitted, "because I really wanted to run the project, but I wasn't selected. Bear with me while I deal with that." The manager did indeed examine her feelings;

a week later, she was supporting the project fully.

Such self-knowledge often shows itself in the hiring process. Ask a candidate to describe a time he got carried away by his feelings and did something he later regretted. Self-aware candidates will be frank in admitting to failure—and will often tell their tales with a smile. One of the hallmarks of self-awareness is a self-deprecating sense of humor.

Self-awareness can also be identified during performance reviews. Self-aware people know—

## Can Emotional Intelligence Be Learned?

For ages, people have debated if leaders are born or made. So too goes the debate about emotional intelligence. Are people born with certain levels of empathy, for example, or do they acquire empathy as a result of life's experiences? The answer is both. Scientific inquiry strongly suggests that there is a genetic component to emotional intelligence. Psychological and developmental research indicates that nurture plays a role as well. How much of each perhaps will never be known, but research and practice clearly demonstrate that emotional intelligence can be learned.

One thing is certain: Emotional intelligence increases with age. There is an old-fashioned word for the phenomenon: maturity. Yet even with maturity, some people still need training to enhance their emotional intelligence. Unfortunately, far too many training programs that intend to build leadership skills—including emotional intelligence—are a waste of time and money. The problem is simple: They focus on the wrong part of the brain.

Emotional intelligence is born largely in the neurotransmitters of the brain's limbic system, which governs feelings, impulses, and drives. Research indicates that the limbic system learns best through motivation, extended practice, and feedback. Compare this with the kind of learning that goes on in the neocortex, which governs analytical and technical ability. The neocortex grasps concepts and logic. It is the part of the brain that figures out how to use a computer or make a sales call by reading a book. Not surprisingly—but mistakenly—it is also the part of the brain targeted by most training programs aimed at enhancing emotional intelligence. When such programs take, in effect, a neocortical approach, my research

with the Consortium for Research on Emotional Intelligence in Organizations has shown they can even have a negative impact on people's job performance.

To enhance emotional intelligence, organizations must refocus their training to include the limbic system. They must help people break old behavioral habits and establish new ones. That not only takes much more time than conventional training programs, it also requires an individualized approach.

Imagine an executive who is thought to be low on empathy by her colleagues. Part of that deficit shows itself as an inability to listen; she interrupts people and doesn't pay close attention to what they're saying. To fix the problem, the executive needs to be motivated to change, and then she needs practice and feedback from others in the company. A colleague or coach could be tapped to let the executive know when she has been observed failing to listen. She would then have to replay the incident and give a better response; that is, demonstrate her ability to absorb what others are saying. And the executive could be directed to observe certain executives who listen well and to mimic their behavior.

With persistence and practice, such a process can lead to lasting results. I know one Wall Street executive who sought to improve his empathy—specifically his ability to read people's reactions and see their perspectives. Before beginning his quest, the executive's subordinates were terrified of working with him. People even went so far as to hide bad news from him. Naturally, he was shocked when finally confronted with these facts. He went home and told his family—but they only confirmed what he had heard at work. When their

opinions on any given subject did not mesh with his, they, too, were frightened of him.

Enlisting the help of a coach, the executive went to work to heighten his empathy through practice and feedback. His first step was to take a vacation to a foreign country where he did not speak the language. While there, he monitored his reactions to the unfamiliar and his openness to people who were different from him. When he returned home, humbled by his week abroad, the executive asked his coach to shadow him for parts of the day, several times a week, to critique how he treated people with new or different perspectives. At the same time, he consciously used on-the-job interactions as opportunities to practice "hearing" ideas that differed from his. Finally, the executive had himself videotaped in meetings and asked those who worked for and with him to critique his ability to acknowledge and understand the feelings of others. It took several months, but the executive's emotional intelligence did ultimately rise, and the improvement was reflected in his overall performance on the job.

It's important to emphasize that building one's emotional intelligence cannot—will not—happen without sincere desire and concerted effort. A brief seminar won't help; nor can one buy a how-to manual. It is much harder to learn to empathize—to internalize empathy as a natural response to people—than it is to become adept at regression analysis. But it can be done. "Nothing great was ever achieved without enthusiasm," wrote Ralph Waldo Emerson. If your goal is to become a real leader, these words can serve as a guidepost in your efforts to develop high emotional intelligence.

and are comfortable talking about—their limitations and strengths, and they often demonstrate a thirst for constructive criticism. By contrast, people with low self-awareness interpret the message that they need to improve as a threat or a sign of failure.

Self-aware people can also be recognized by their self-confidence. They have a firm grasp of their capabilities and are less likely to set themselves up to fail by, for example, overstretching on assignments. They know, too, when to ask for help. And the risks they take on the job are calculated. They won't ask for a challenge that they know they can't handle alone. They'll play to their strengths.

Consider the actions of a midlevel employee who was invited to sit in on a strategy meeting with her company's top executives. Although she was the most junior person in the room, she did not sit there quietly, listening in awe-struck or fearful silence. She knew she had a head for clear logic and the skill to present ideas persuasively, and she offered cogent suggestions about the company's strategy. At the same time, her self-awareness stopped her from wandering into territory where she knew she was weak.

Despite the value of having self-aware people in the workplace, my research indicates that senior executives don't often give self-awareness the credit it deserves when they look for potential leaders. Many executives mistake candor about feelings for "wimpiness" and fail to give due respect to employees who openly acknowledge their shortcomings. Such people are too readily dismissed as "not tough enough" to lead others.

In fact, the opposite is true. In the first place, people generally admire and respect candor. Furthermore, leaders are constantly required to make judgment calls that require a candid assessment of capabilities—their own and those of others. Do we have the management expertise to acquire a competitor? Can we launch a new product within six months? People who assess themselves honestly—that is, self-aware people—are well suited to do the same for the organizations they run.

### **Self-Regulation**

Biological impulses drive our emotions. We cannot do away with them—but we can do much to manage them. Self-regulation, which is like an ongoing inner conversation, is the

component of emotional intelligence that frees us from being prisoners of our feelings. People engaged in such a conversation feel bad moods and emotional impulses just as everyone else does, but they find ways to control them and even to channel them in useful ways.

Imagine an executive who has just watched a team of his employees present a botched analysis to the company's board of directors. In the gloom that follows, the executive might find himself tempted to pound on the table in anger or kick over a chair. He could leap up and scream at the group. Or he might maintain a grim silence, glaring at everyone before stalking off.

But if he had a gift for self-regulation, he would choose a different approach. He would pick his words carefully, acknowledging the team's poor performance without rushing to any hasty judgment. He would then step back to consider the reasons for the failure. Are they personal—a lack of effort? Are there any mitigating factors? What was his role in the debacle? After considering these questions, he would call the team together, lay out the incident's consequences, and offer his feelings about it. He would then present his analysis of the problem and a well-considered solution.

Why does self-regulation matter so much for leaders? First of all, people who are in control of their feelings and impulses—that is, people who are reasonable—are able to create an environment of trust and fairness. In such an environment, politics and infighting are sharply reduced and productivity is high. Talented people flock to the organization and aren't tempted to leave. And self-regulation has a trickle-down effect. No one wants to be known as a hothead when the boss is known for her calm approach. Fewer bad moods at the top mean fewer throughout the organization.

Second, self-regulation is important for competitive reasons. Everyone knows that business today is rife with ambiguity and change. Companies merge and break apart regularly. Technology transforms work at a dizzying pace. People who have mastered their emotions are able to roll with the changes. When a new program is announced, they don't panic; instead, they are able to suspend judgment, seek out information, and listen to the executives as they explain the new program. As the initiative moves forward, these people are able to move with it.

Sometimes they even lead the way. Consider the case of a manager at a large manufacturing

company. Like her colleagues, she had used a certain software program for five years. The program drove how she collected and reported data and how she thought about the company's strategy. One day, senior executives announced that a new program was to be installed that would radically change how information was gathered and assessed within the organization. While many people in the company complained bitterly about how disruptive the change would be, the manager mulled over the reasons for the new program and was convinced of its potential to improve performance. She eagerly attended training sessions—some of her colleagues refused to do so—and was eventually promoted to run several divisions, in part because she used the new technology so effectively.

I want to push the importance of self-regulation to leadership even further and make the case that it enhances integrity, which is not only a personal virtue but also an organizational strength. Many of the bad things that happen in companies are a function of impulsive behavior. People rarely plan to exaggerate profits, pad expense accounts, dip into the till, or abuse power for selfish ends. Instead, an opportunity presents itself, and people with low impulse control just say yes.

By contrast, consider the behavior of the senior executive at a large food company. The executive was scrupulously honest in his negotiations with local distributors. He would routinely lay out his cost structure in detail, thereby giving the distributors a realistic understanding of the company's pricing. This approach meant the executive couldn't always drive a hard bargain. Now, on occasion, he felt the urge to increase profits by withholding information about the company's costs. But he challenged that impulse—he saw that it made more sense in the long run to counteract it. His emotional self-regulation paid off in strong, lasting relationships with distributors that benefited the company more than any short-term financial gains would have.

The signs of emotional self-regulation, therefore, are easy to see: a propensity for reflection and thoughtfulness; comfort with ambiguity and change; and integrity—an ability to say no to impulsive urges.

Like self-awareness, self-regulation often does not get its due. People who can master their emotions are sometimes seen as cold fish—

their considered responses are taken as a lack of passion. People with fiery temperaments are frequently thought of as "classic" leaders—their outbursts are considered hallmarks of charisma and power. But when such people make it to the top, their impulsiveness often works against them. In my research, extreme displays of negative emotion have never emerged as a driver of good leadership.

### Motivation

If there is one trait that virtually all effective leaders have, it is motivation. They are driven to achieve beyond expectations—their own and everyone else's. The key word here is *achieve*. Plenty of people are motivated by external factors, such as a big salary or the status that comes from having an impressive title or being part of a prestigious company. By contrast, those with leadership potential are motivated by a deeply embedded desire to achieve for the sake of achievement.

If you are looking for leaders, how can you identify people who are motivated by the drive to achieve rather than by external rewards? The first sign is a passion for the work itself—such people seek out creative challenges, love to learn, and take great pride in a job well done. They also display an unflagging energy to do things better. People with such energy often seem restless with the status quo. They are persistent with their questions about why things are done one way rather than another; they are eager to explore new approaches to their work.

A cosmetics company manager, for example, was frustrated that he had to wait two weeks to get sales results from people in the field. He finally tracked down an automated phone system that would beep each of his salespeople at 5 pm every day. An automated message then prompted them to punch in their numbers—how many calls and sales they had made that day. The system shortened the feedback time on sales results from weeks to hours.

That story illustrates two other common traits of people who are driven to achieve. They are forever raising the performance bar, and they like to keep score. Take the performance bar first. During performance reviews, people with high levels of motivation might ask to be "stretched" by their superiors. Of course, an employee who combines self-awareness with internal motivation will recognize her limits—but she won't settle for objectives that seem too easy to fulfill.

And it follows naturally that people who are driven to do better also want a way of tracking progress—their own, their team's, and their company's. Whereas people with low achievement motivation are often fuzzy about results, those with high achievement motivation often keep score by tracking such hard measures as profitability or market share. I know of a money manager who starts and ends his day on the Internet, gauging the performance of his stock fund against four industry-set benchmarks.

Interestingly, people with high motivation remain optimistic even when the score is against them. In such cases, self-regulation combines with achievement motivation to overcome the frustration and depression that come after a setback or failure. Take the case of another portfolio manager at a large investment company. After several successful years, her fund tumbled for three consecutive quarters, leading three large institutional clients to shift their business elsewhere.

Some executives would have blamed the nosedive on circumstances outside their control; others might have seen the setback as evidence of personal failure. This portfolio manager, however, saw an opportunity to prove she could lead a turnaround. Two years later, when she was promoted to a very senior level in the company, she described the experience as "the best thing that ever happened to me; I learned so much from it."

Executives trying to recognize high levels of achievement motivation in their people can look for one last piece of evidence: commitment to the organization. When people love their jobs for the work itself, they often feel committed to the organizations that make that work possible. Committed employees are likely to stay with an organization even when they are pursued by headhunters waving money.

It's not difficult to understand how and why a motivation to achieve translates into strong leadership. If you set the performance bar high for yourself, you will do the same for the organization when you are in a position to do so. Likewise, a drive to surpass goals and an interest in keeping score can be contagious. Leaders with these traits can often build a team of managers around them with the same traits. And of course, optimism and organizational commitment are fundamental to leadership—just try to imagine running a company without them.

## Empathy

Of all the dimensions of emotional intelligence, empathy is the most easily recognized. We have all felt the empathy of a sensitive teacher or friend; we have all been struck by its absence in an unfeeling coach or boss. But when it comes to business, we rarely hear people praised, let alone rewarded, for their empathy. The very word seems unbusinesslike, out of place amid the tough realities of the marketplace.

But empathy doesn't mean a kind of "I'm OK, you're OK" mushiness. For a leader, that is, it doesn't mean adopting other people's emotions as one's own and trying to please everybody. That would be a nightmare—it would make action impossible. Rather, empathy means thoughtfully considering employees' feelings—along with other factors—in the process of making intelligent decisions.

For an example of empathy in action, consider what happened when two giant brokerage companies merged, creating redundant jobs in all their divisions. One division manager called his people together and gave a gloomy speech that emphasized the number of people who would soon be fired. The manager of another division gave his people a different kind of speech. He was up-front about his own worry and confusion, and he promised to keep people informed and to treat everyone fairly.

The difference between these two managers was empathy. The first manager was too worried about his own fate to consider the feelings of his anxiety-stricken colleagues. The second knew intuitively what his people were feeling, and he acknowledged their fears with his words. Is it any surprise that the first manager saw his division sink as many demoralized people, especially the most talented, departed? By contrast, the second manager continued to be a strong leader, his best people stayed, and his division remained as productive as ever.

Empathy is particularly important today as a component of leadership for at least three reasons: the increasing use of teams; the rapid pace of globalization; and the growing need to retain talent.

Consider the challenge of leading a team. As anyone who has ever been a part of one can attest, teams are cauldrons of bubbling emotions. They are often charged with reaching a consensus—which is hard enough with two people and much more difficult as the numbers increase. Even in groups with as few as

four or five members, alliances form and clashing agendas get set. A team's leader must be able to sense and understand the viewpoints of everyone around the table.

That's exactly what a marketing manager at a large information technology company was able to do when she was appointed to lead a troubled team. The group was in turmoil, overloaded by work and missing deadlines. Tinkering with procedures was not enough to bring the group together and make it an effective part of the company.

So the manager took several steps. In a series of one-on-one sessions, she took the time to listen to everyone in the group—what was frustrating them, how they rated their colleagues, whether they felt they had been ignored. And then she directed the team in a way that brought it together: She encouraged people to speak more openly about their frustrations, and she helped people raise constructive complaints during meetings. In short, her empathy allowed her to understand her team's emotional makeup. The result was not just heightened collaboration among members but also added business, as the team was called on for help by a wider range of internal clients.

Globalization is another reason for the rising importance of empathy for business leaders. Cross-cultural dialogue can easily lead to missteps and misunderstandings. Empathy is an antidote. People who have it are attuned to subtleties in body language; they can hear the message beneath the words being spoken. Beyond that, they have a deep understanding of both the existence and the importance of cultural and ethnic differences.

Consider the case of an American consultant whose team had just pitched a project to a potential Japanese client. In its dealings with Americans, the team was accustomed to being bombarded with questions after such a proposal, but this time it was greeted with a long silence. Other members of the team, taking the silence as disapproval, were ready to pack and leave. The lead consultant gestured them to stop. Although he was not particularly familiar with Japanese culture, he read the client's face and posture and sensed not rejection but interest—even deep consideration. He was right: When the client finally spoke, it was to give the consulting firm the job.

Finally, empathy plays a key role in the re-

tention of talent, particularly in today's information economy. Leaders have always needed empathy to develop and keep good people, but today the stakes are higher. When good people leave, they take the company's knowledge with them.

That's where coaching and mentoring come in. It has repeatedly been shown that coaching and mentoring pay off not just in better performance but also in increased job satisfaction and decreased turnover. But what makes coaching and mentoring work best is the nature of the relationship. Outstanding coaches and mentors get inside the heads of the people they are helping. They sense how to give effective feedback. They know when to push for better performance and when to hold back. In the way they motivate their protégés, they demonstrate empathy in action.

In what is probably sounding like a refrain, let me repeat that empathy doesn't get much respect in business. People wonder how leaders can make hard decisions if they are "feeling" for all the people who will be affected. But leaders with empathy do more than sympathize with people around them: They use their knowledge to improve their companies in subtle but important ways.

### Social Skill

The first three components of emotional intelligence are self-management skills. The last two, empathy and social skill, concern a person's ability to manage relationships with others. As a component of emotional intelligence, social skill is not as simple as it sounds. It's not just a matter of friendliness, although people with high levels of social skill are rarely mean-spirited. Social skill, rather, is friendliness with a purpose: moving people in the direction you desire, whether that's agreement on a new marketing strategy or enthusiasm about a new product.

Socially skilled people tend to have a wide circle of acquaintances, and they have a knack for finding common ground with people of all kinds—a knack for building rapport. That doesn't mean they socialize continually; it means they work according to the assumption that nothing important gets done alone. Such people have a network in place when the time for action comes.

Social skill is the culmination of the other dimensions of emotional intelligence. People

tend to be very effective at managing relationships when they can understand and control their own emotions and can empathize with the feelings of others. Even motivation contributes to social skill. Remember that people who are driven to achieve tend to be optimistic, even in the face of setbacks or failure. When people are upbeat, their "glow" is cast upon conversations and other social encounters. They are popular, and for good reason.

Because it is the outcome of the other dimensions of emotional intelligence, social skill is recognizable on the job in many ways that will by now sound familiar. Socially skilled people, for instance, are adept at managing teams—that's their empathy at work. Likewise, they are expert persuaders—a manifestation of self-awareness, self-regulation, and empathy combined. Given those skills, good persuaders know when to make an emotional plea, for instance, and when an appeal to reason will work better. And motivation, when publicly visible, makes such people excellent collaborators; their passion for the work spreads to others, and they are driven to find solutions.

But sometimes social skill shows itself in ways the other emotional intelligence components do not. For instance, socially skilled people may at times appear not to be working while at work. They seem to be idly schmoozing—chatting in the hallways with colleagues or joking around with people who are not even connected to their "real" jobs. Socially skilled people, however, don't think it makes sense to arbitrarily limit the scope of their relationships. They build bonds widely because they know that in these fluid times, they may need help someday from people they are just getting to know today.

For example, consider the case of an executive in the strategy department of a global computer manufacturer. By 1993, he was convinced that the company's future lay with the Internet. Over the course of the next year, he found kindred spirits and used his social skill to stitch together a virtual community that cut across levels, divisions, and nations. He then used this de facto team to put up a corporate Web site, among the first by a major company. And, on his own initiative, with no budget or

formal status, he signed up the company to participate in an annual Internet industry convention. Calling on his allies and persuading various divisions to donate funds, he recruited more than 50 people from a dozen different units to represent the company at the convention.

Management took notice: Within a year of the conference, the executive's team formed the basis for the company's first Internet division, and he was formally put in charge of it. To get there, the executive had ignored conventional boundaries, forging and maintaining connections with people in every corner of the organization.

Is social skill considered a key leadership capability in most companies? The answer is yes, especially when compared with the other components of emotional intelligence. People seem to know intuitively that leaders need to manage relationships effectively; no leader is an island. After all, the leader's task is to get work done through other people, and social skill makes that possible. A leader who cannot express her empathy may as well not have it at all. And a leader's motivation will be useless if he cannot communicate his passion to the organization. Social skill allows leaders to put their emotional intelligence to work.

It would be foolish to assert that good-old-fashioned IQ and technical ability are not important ingredients in strong leadership. But the recipe would not be complete without emotional intelligence. It was once thought that the components of emotional intelligence were "nice to have" in business leaders. But now we know that, for the sake of performance, these are ingredients that leaders "need to have."

It is fortunate, then, that emotional intelligence can be learned. The process is not easy. It takes time and, most of all, commitment. But the benefits that come from having a well-developed emotional intelligence, both for the individual and for the organization, make it worth the effort.

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# Personality (Chapter 5)

As you can see from our opening story, personality plays a major role in Mark Josephson's entrepreneurial success. Personality is indeed a strong factor for many life and work outcomes. We will explain traits such as extraversion, conscientiousness, openness, agreeableness, and neuroticism—the most defined traits—that were discussed in the story. We'll also review frameworks that describe an individual's personality and tendencies.

## Personality

### 5-1

Describe personality, the way it is measured, and the factors that shape it.

Why are some people quiet and passive, while others are loud and aggressive? Are certain personality types better adapted than others for certain jobs? Before we can answer these questions, we need to address a more basic one: What is personality?

### What Is Personality?

When we speak of someone's personality, we use many adjectives to describe how they act and seem to think; in fact, participants in a recent study used 624 distinct adjectives to describe people they knew.<sup>1</sup> As organizational behaviorists, however, we organize personality characteristics by overall traits, describing the growth and development of a person's personality.

**personality** The sum total of ways in which an individual reacts to and interacts with others.

**Defining Personality** For our purposes, think of **personality** as the sum of ways in which an individual reacts to and interacts with others. We most often describe personality in terms of the measurable traits a person exhibits.

**Measuring Personality** Personality assessments have been increasingly used in diverse organizational settings. In fact, eight of the top 10 U.S. private companies and 57 percent of all large U.S. companies use them,<sup>2</sup> including Xerox, McDonald's, and Lowe's,<sup>3</sup> and schools such as DePaul University have begun to use personality tests in their admissions process.<sup>4</sup> Personality tests are useful in hiring decisions and help managers forecast who is best for a job.<sup>5</sup>

The most common means of measuring personality is through self-report surveys in which individuals evaluate themselves on a series of factors, such as "I worry a lot about the future." In general, when people know their personality scores are going to be used for hiring decisions, they rate themselves as about half a standard deviation more conscientious and emotionally stable than if they are taking the test to learn more about themselves.<sup>6</sup> Another problem is accuracy; a candidate who is in a bad mood when taking the survey may have inaccurate scores.

Research indicates our culture influences the way we rate ourselves. People in individualistic countries trend toward self-enhancement, while people in collectivist countries like Taiwan, China, and South Korea trend toward self-diminishment. Self-enhancement does not appear to harm a person's career in individualistic countries, but it does in collectivist countries, where humility is valued. Interestingly, underrating (self-diminishment) may harm a person's career in both collectivistic and individualistic communities.<sup>7</sup>

Observer-ratings surveys provide an independent assessment of personality. Here, a coworker or another observer does the rating. Though the results of self-reports and observer-ratings surveys are strongly correlated, research suggests observer-ratings surveys predict job success more than self-ratings alone.<sup>8</sup> However, each can tell us something unique about an individual's behavior, so a combination of self-reports and observer reports predicts performance better than any one type of information. The implication is clear: Use both observer

## How do I ace the personality test?

**I just landed a second-round interview with a great company, and I'm super excited. And super nervous because I've read a few articles about how more and more companies are using personality testing. Do you have tips for how I can put my best foot forward?**

— Lauren

Dear Lauren:

Congratulations! It's natural for you to want to understand the tests your prospective employer uses. You've probably deduced that it's possible to respond in a favorable manner. For example, if a statement says, "I am always prepared," you know that employers are looking for an applicant who agrees with this statement. You might think responding in the most favorable way possible increases your chances of getting hired, and you might be right.

There are a few caveats, however. First, some companies build in "lie scales" that flag individuals who respond to statements in an extremely favorable manner. It's not always easy to detect

them, but clues usually appear across a number of items. If you respond in the most favorable way to a long list of items, then, you might pop up on the lie scale.

Second, high scores on every trait are not desirable for every kind of job. Some employers might be more interested in low scores on a particular trait or pay more attention to a total profile that would be hard to "game." For example, agreeableness is not a good predictor of job performance for jobs that are competitive in nature (sales, coach, trader).

Third, there is an ethical perspective you should consider. How are you going to feel once you are in the organization if you have not represented yourself correctly in the hiring process? What is your general attitude toward lying? How are you going to make sure your behavior fits the traits you tried to portray?

Finally, perhaps you should look at the assessment differently. The organization—and you—should be looking for a good match. If you are not a good match and are hired, you are likely to be unsuccessful, and miserable in the process.

However, if you have a good, honest match, you can arrive for your first day confident and ready for success.

In the end, you might increase your chances of getting hired by responding to a personality test in a favorable manner. However, we still think honesty is the best policy—for you and for your future employer!

Sources: M. N. Bing, H. K. Davison, and J. Smothers, "Item-Level Frame-of-Reference Effects in Personality Testing: An Investigation of Incremental Validity in an Organizational Setting," *International Journal of Selection and Assessment* 22, no. 2 (2014): 165–78; P. R. Sackett and P. T. Walmsley, "Which Personality Attributes Are Most Important in the Workplace?" *Perspectives on Psychological Science* 9, no. 5 (2014): 538–51; and L. Weber, "To Get a Job, New Hires are Put to the Test," *The Wall Street Journal*, April 15, 2015, A1, A10.

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ratings and self-report ratings of personality when making important employment decisions.

**Personality Determinants** An early debate centered on whether an individual's personality is the result of heredity or environment. Personality appears to be a result of both; however, research tends to support the importance of heredity over environment.

**Heredity** refers to factors determined at conception. Physical stature, facial features, gender, temperament, muscle composition and reflexes, energy level, and biological rhythms are either completely or substantially influenced by parentage—by your biological parents' biological, physiological, and inherent psychological makeup. The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located on the chromosomes.

This is not to suggest that personality never changes. People's scores on dependability tend to increase over time, as when young adults start families and establish careers. However, strong individual differences in dependability remain; everyone tends to change by about the same amount, so their rank

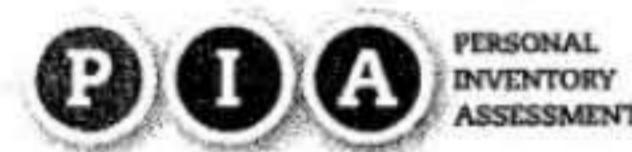
**heredity** Factors determined at conception; one's biological, physiological, and inherent psychological makeup.

**personality traits** Enduring characteristics that describe an individual's behavior.

order stays roughly the same.<sup>9</sup> Furthermore, personality is more changeable in adolescence and more stable among adults.<sup>10</sup>

Early work on personality tried to identify and label enduring characteristics that describe an individual's behavior, including shy, aggressive, submissive, lazy, ambitious, loyal, and timid. When someone exhibits these characteristics in a large number of situations and they are relatively enduring over time, we call them **personality traits**.<sup>11</sup> The more consistent the characteristic over time, and the more frequently it occurs in diverse situations, the more important the trait is in describing the individual.

## ★ PERSONAL INVENTORY ASSESSMENTS



### Personality Style Indicator

What's your personality? You've probably been wondering as you read this chapter. Take this PIA to obtain some indications of your personality style.

## Personality Frameworks

### 5-2

Describe the strengths and weaknesses of the Myers-Briggs Type Indicator (MBTI) personality framework and the Big Five model.

Throughout history, people have sought to understand what makes individuals behave in myriad ways. Many of our behaviors stem from our personalities, so understanding the components of personality helps us predict behavior. Important theoretical frameworks and assessment tools help us categorize and study the dimensions of personality.

The most widely used and best known personality frameworks are the Myers-Briggs Type Indicator (MBTI) and the Big Five Personality Model. Both describe a person's total personality through exploration of the facets of personality. Other frameworks, such as the Dark Triad, explain certain aspects, but not the total, of an individual's personality. We discuss each below, but let's begin with the dominant frameworks.

**Myers-Briggs Type Indicator (MBTI)**

A personality test that taps four characteristics and classifies people into one of 16 personality types.

## The Myers-Briggs Type Indicator

The **Myers-Briggs Type Indicator (MBTI)** is the most widely used personality-assessment instrument in the world.<sup>12</sup> It is a 100-question personality test that asks people how they usually feel or act in situations. Respondents are classified as extraverted or introverted (E or I), sensing or intuitive (S or N), thinking or feeling (T or F), and judging or perceiving (J or P):

- *Extraverted (E) versus Introverted (I).* Extraverted individuals are outgoing, sociable, and assertive. Introverts are quiet and shy.
- *Sensing (S) versus Intuitive (N).* Sensing types are practical and prefer routine and order, and they focus on details. Intuitives rely on unconscious processes and look at the “big picture.”
- *Thinking (T) versus Feeling (F).* Thinking types use reason and logic to handle problems. Feeling types rely on their personal values and emotions.
- *Judging (J) versus Perceiving (P).* Judging types want control and prefer order and structure. Perceiving types are flexible and spontaneous.

The MBTI describes personality types by identifying one trait from each of the four pairs. For example, Introverted/Intuitive/Thinking/Judging people (INTJs) are visionaries with original minds and great drive. They are skeptical, critical, independent, determined, and often stubborn. ENFJs are natural teachers and leaders. They are relational, motivational, intuitive, idealistic, ethical, and kind. ESTJs are organizers. They are realistic, logical, analytical, and decisive, perfect for business or mechanics. The ENTP type is innovative, individualistic, versatile, and attracted to entrepreneurial ideas. This person tends to be resourceful in solving challenging problems but may neglect routine assignments.

According to the Myers & Briggs Foundation, introverts account for over 50 percent of the E/I responses in the U.S. population. Indeed, two of the three most common MBTI types are introverts: ISFJ and ISTJ. ISFJs are nurturing and responsible, and ISTJs are dutiful and logical. The least common types are INFJ (insightful and protective) and ENTJ (focused and decisive).<sup>13</sup>

The MBTI is used in a variety of organizational settings. It is taken by over 2.5 million people each year and 89 of the Fortune 100 companies use it.<sup>14</sup> Evidence is mixed about its validity as a measure of personality; however, most is against it.<sup>15</sup> As Professor Dan Ariely noted about MBTI results, “Next time, just look at the horoscope. It is just as valid and takes less time.”<sup>16</sup>

One problem with the MBTI is that the model forces a person into one type or another; that is, you’re either introverted or extraverted. There is no in-between. Another problem is with the reliability of the measure: When people retake the assessment, they often receive different results. An additional problem is in the difficulty of interpretation. There are levels of importance for each of the MBTI facets, and separate meanings for certain combinations of facets, all of which require trained interpretation that can leave room for error. Finally, results from the MBTI tend to be unrelated to job performance. The MBTI can thus be a valuable tool for increasing self-awareness and providing career guidance, but because results tend to be unrelated to job performance, managers should consider using the Big Five Personality Model, discussed next, as the personality selection test for job candidates instead.

## The Big Five Personality Model

The MBTI may lack strong supporting evidence, but an impressive body of research supports the **Big Five Model**, which proposes that five basic dimensions underlie all others and encompass most of the significant variation in human personality.<sup>17</sup> Test scores of these traits do a very good job of predicting how people

**Big Five Model** A personality assessment model that taps five basic dimensions.

**conscientiousness** A personality dimension that describes someone who is responsible, dependable, persistent, and organized.

**emotional stability** A personality dimension that characterizes someone as calm, self-confident, and secure (positive) versus nervous, depressed, and insecure (negative).

**extraversion** A personality dimension describing someone who is sociable, gregarious, and assertive.

**openness to experience** A personality dimension that characterizes someone in terms of imagination, sensitivity, and curiosity.

**agreeableness** A personality dimension that describes someone who is good natured, cooperative, and trusting.

behave in a variety of real-life situations<sup>18</sup> and remain relatively stable for an individual over time, with some daily variations.<sup>19</sup> These are the Big Five factors:

- *Conscientiousness.* The **conscientiousness** dimension is a measure of reliability. A highly conscientious person is responsible, organized, dependable, and persistent. Those who score low on this dimension are easily distracted, disorganized, and unreliable.
- *Emotional stability.* The **emotional stability** dimension taps a person's ability to withstand stress. People with emotional stability tend to be calm, self-confident, and secure. High scorers are more likely to be positive and optimistic and experience fewer negative emotions; they are generally happier than low scorers. Emotional stability is sometimes discussed as its converse, neuroticism. Low scorers (those with high neuroticism) are hypervigilant and vulnerable to the physical and psychological effects of stress. Those with high neuroticism tend to be nervous, anxious, depressed, and insecure.
- *Extraversion.* The **extraversion** dimension captures our comfort level with relationships. Extraverts tend to be gregarious, assertive, and sociable. They are generally happier and are often ambitious.<sup>20</sup> They experience more positive emotions than do introverts, and they more freely express these feelings. On the other hand, introverts (low extraversion) tend to be more thoughtful, reserved, timid, and quiet.
- *Openness to experience.* The **openness to experience** dimension addresses the range of interests and fascination with novelty. Open people are creative, curious, and artistically sensitive. Those at the low end of the category are conventional and find comfort in the familiar.
- *Agreeableness.* The **agreeableness** dimension refers to an individual's propensity to defer to others. Agreeable people are cooperative, warm, and trusting. You might expect agreeable people to be happier than disagreeable people. They are, but only slightly. When people choose organizational team members, agreeable individuals are usually their first choice. In contrast, people who score low on agreeableness are cold and antagonistic.

**How Do the Big Five Traits Predict Behavior at Work?** There are many relationships between the Big Five personality dimensions and job performance,<sup>21</sup> and we are learning more about them every day. Let's explore one trait at a time, beginning with the strongest predictor of job performance—conscientiousness.

**Conscientiousness at Work** As researchers recently stated, "Personal attributes related to conscientiousness and agreeableness are important for success across many jobs, spanning across low to high levels of job complexity, training, and experience."<sup>22</sup> Employees who score higher in conscientiousness develop higher levels of job knowledge, probably because highly conscientious people learn more (conscientiousness may be related to GPA),<sup>23</sup> and these levels correspond with higher levels of job performance. Conscientious people are also more able to maintain their job performance when faced with abusive supervision, according to a recent study in India.<sup>24</sup>

Conscientiousness is important to overall organizational success. As Exhibit 5-1 shows, a study of the personality scores of 313 CEO candidates in private equity companies (of whom 225 were hired) found conscientiousness—in the form of persistence, attention to detail, and setting high standards—was more important to success than other traits.

Like any trait, conscientiousness has pitfalls. Highly conscientious individuals can prioritize work over family, resulting in more conflict between their work and family roles (termed work-family conflict).<sup>25</sup> They may also become too focused on their own work to help others in the organization,<sup>26</sup> and they don't adapt well to changing contexts. Furthermore, conscientious people may have trouble learning complex skills early in a training process because their focus is on performing well rather than on learning. Finally, they are often less creative, especially artistically.<sup>27</sup>

Conscientiousness is the best predictor of job performance. However, the other Big Five traits are also related to aspects of performance and have other implications for work and for life. Exhibit 5-2 summarizes.

**Emotional Stability at Work** Of the Big Five traits, emotional stability is most strongly related to life satisfaction, job satisfaction, and low stress levels. People with high emotional stability can adapt to unexpected or changing demands in the workplace.<sup>28</sup> At the other end of the spectrum, neurotic individuals, who may be unable to cope with these demands, may experience burnout.<sup>29</sup> These people also tend to experience work-family conflict, which can affect work outcomes.<sup>30</sup>

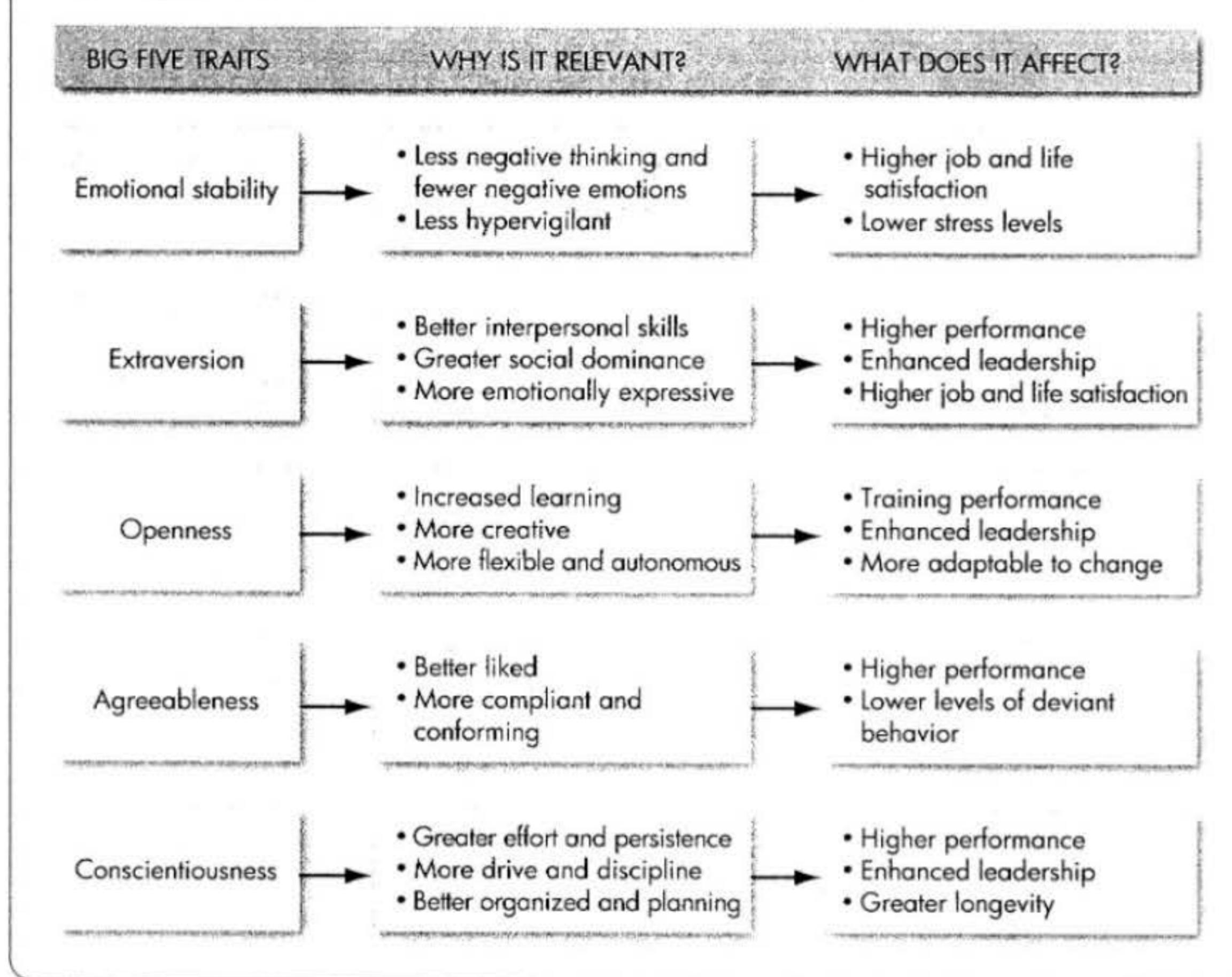
**Extraversion at Work** Extraverts perform better in jobs with significant interpersonal interaction. They are socially dominant, "take charge" people who are usually more assertive than introverts.<sup>31</sup> Extraversion is a relatively strong

Exhibit 5-1

**Traits That Matter Most to Business Success at Buyout Companies**

Most Important
Persistence
Attention to detail
Efficiency
Analytical skills
Setting high standards

Less Important
Strong oral communication
Teamwork
Flexibility/adaptability
Enthusiasm
Listening skills

**Exhibit 5-2****Model of How Big Five Traits Influence OB Criteria**

predictor of leadership emergence in groups. Some negatives are that extraverts are more impulsive than introverts, more likely to be absent from work, and may be more likely than introverts to lie during job interviews.<sup>32</sup>

**Openness at Work** Open people are more likely to be effective leaders—and more comfortable with ambiguity. They cope better with organizational change and are more adaptable. While openness isn't related to initial performance on a job, individuals higher in openness are less susceptible to a decline in performance over a longer time period.<sup>33</sup> Open people also experience less work-family conflict.<sup>34</sup>

**Agreeableness at Work** Agreeable individuals are better liked than disagreeable people; they tend to do better in interpersonally-oriented jobs such as customer service. They're more compliant and rule abiding, less likely to get into accidents, and more satisfied in their jobs. They also contribute to organizational performance by engaging in organizational citizenship behavior (OCB).<sup>35</sup> Disagreeable people, on the other hand, are more likely to engage in counterproductive work behaviors (CWBs), as are people low in conscientiousness.<sup>36</sup> Low agreeableness also predicts involvement in work accidents.<sup>37</sup> Lastly, agreeableness is associated with lower levels of career success (especially earnings), perhaps because highly agreeable people consider themselves less marketable and are less willing to assert themselves.<sup>38</sup>

In general, the Big Five personality factors appear in almost all cross-cultural studies,<sup>39</sup> including China, Israel, Germany, Japan, Spain, Nigeria, Norway,

Pakistan, and the United States. However, a study of illiterate indigenous people in Bolivia suggested the Big Five framework may be less applicable when studying the personalities of small, remote groups.<sup>40</sup>

Research indicates the Big Five traits have the most verifiable links to important organizational outcomes, but they are not the only traits a person exhibits, nor the only ones with OB implications. Let's discuss some other traits, known collectively as the Dark Triad.

## The Dark Triad

With the exception of neuroticism, the Big Five traits are what we call socially desirable, meaning we would be glad to score high on them. Researchers have found three other socially *undesirable* traits, which we all have in varying degrees, are also relevant to organizational behavior: Machiavellianism, narcissism, and psychopathy. Owing to their negative nature, researchers have labeled these the **Dark Triad**—though they do not always occur together.<sup>41</sup>

The Dark Triad may sound sinister, but these traits are not clinical pathologies hindering everyday functioning. They might be expressed particularly strongly when an individual is under stress and unable to moderate any inappropriate responses. Sustained high levels of dark personality traits can cause individuals to derail their careers and personal lives.<sup>42</sup>

**Machiavellianism** Hao is a young bank manager in Shanghai. He's received three promotions in the past 4 years and makes no apologies for the aggressive tactics he's used. "My name means clever, and that's what I am—I do whatever I have to do to get ahead," he says. Hao would be termed Machiavellian.

The personality characteristic of **Machiavellianism** (often abbreviated *Mach*) is named after Niccolo Machiavelli, who wrote in the sixteenth century on how to gain and use power. An individual high in Machiavellianism is pragmatic, maintains emotional distance, and believes ends can justify means. "If it works, use it" is consistent with a high-Mach perspective. High Machs manipulate more, win more, are persuaded less by others, but persuade others more than do low Machs.<sup>43</sup> They are more likely to act aggressively and engage in CWBs as well. Surprisingly, Machiavellianism does not significantly predict overall job performance.<sup>44</sup> High-Mach employees, by manipulating others to their advantage, win in the short term at a job, but they lose those gains in the long term because they are not well liked.

Machiavellianism tendencies may have ethical implications. One study showed high-Mach job seekers were less positively affected by the knowledge that an organization engaged in a high level of corporate social responsibility (CSR),<sup>45</sup> suggesting that high-Mach people may care less about sustainability issues. Another study found Machs' ethical leadership behaviors were less likely to translate into followers' work engagement because followers see through these behaviors and realize it is a case of surface acting.<sup>46</sup>

**Narcissism** Sabrina likes to be the center of attention. She often looks at herself in the mirror, has extravagant dreams about her future, and considers herself a person of many talents. Sabrina is a narcissist. The trait is named for the

**Dark Triad** A constellation of negative personality traits consisting of Machiavellianism, narcissism, and psychopathy.

**Machiavellianism** The degree to which an individual is pragmatic, maintains emotional distance, and believes that ends can justify means.

**OB POLL****Does Business School Make You Narcissistic?****Average levels of narcissism by college major and gender**

Source: Based on J. W. Westerman, J. Z. Bergman, S. M. Bergman, and J. P. Daly, "Are Universities Creating Millennial Narcissistic Employees? An Empirical Examination of Narcissism in Business Students and Its Implications," *Journal of Management Education* 36 (2012), 5–32.

**narcissism** The tendency to be arrogant, have a grandiose sense of self-importance, require excessive admiration, and have a sense of entitlement.

Greek myth of Narcissus, a youth so vain and proud he fell in love with his own image. In psychology, **narcissism** describes a person who has a grandiose sense of self-importance, requires excessive admiration, and is arrogant. Narcissists often have fantasies of grand success, a tendency to exploit situations and people, a sense of entitlement, and a lack of empathy.<sup>47</sup> However, narcissists can be hypersensitive and fragile people.<sup>48</sup> They also may experience more anger.<sup>49</sup>

While narcissism seems to have little relationship to job effectiveness or OCB,<sup>50</sup> it is one of the largest predictors of increased CWB in individualistic cultures—but not in collectivist cultures that discourage self-promotion.<sup>51</sup> Narcissists commonly think they are overqualified for their positions.<sup>52</sup> When they receive feedback about their performance, they often tune out information that conflicts with their positive self-perception, but they will work harder if rewards are offered.<sup>53</sup>

On the bright side, narcissists may be more charismatic than others.<sup>54</sup> They also might be found in business more often than in other fields (see OB Poll). They are more likely to be chosen for leadership positions, and medium ratings of narcissism (neither extremely high nor extremely low) are positively correlated with leadership effectiveness.<sup>55</sup> Some evidence suggests that narcissists are more adaptable and make better business decisions than others when the issue is complex.<sup>56</sup> Furthermore, a study of Norwegian bank employees found those scoring high on narcissism enjoyed their work more.<sup>57</sup>

Special attention has been paid to narcissistic CEOs who make more acquisitions, pay higher premiums for those acquisitions, respond less clearly to objective measures of performance, and respond to media praise by making even more acquisitions.<sup>58</sup> Research using data compiled over 100 years has shown that narcissistic CEOs of baseball organizations generate higher levels of manager turnover, although members of external organizations see them as more influential.<sup>59</sup>

Narcissism and its effects are not confined to CEOs or celebrities. Like the effects of Machiavellianism, those of narcissism vary by context, but are evident in all areas of life.

**psychopathy** The tendency for a lack of concern for others and a lack of guilt or remorse when actions cause harm.

**Psychopathy** Psychopathy is part of the Dark Triad, but in organizational behavior, it does not connote clinical mental illness. In the OB context, **psychopathy** is

defined as a lack of concern for others, and a lack of guilt or remorse when actions cause harm.<sup>60</sup> Measures of psychopathy attempt to assess the motivation to comply with social norms, impulsivity, willingness to use deceit to obtain desired ends, and disregard, that is, lack of empathic concern for others.

The literature is not consistent about whether psychopathy is important to work behavior. One review found little correlation between measures of psychopathy and job performance or CWB. Another found antisocial personality, which is closely related to psychopathy, was positively related to advancement in the organization but unrelated to other aspects of career success and effectiveness.<sup>61</sup> Still other research suggests psychopathy is related to the use of hard influence tactics (threats, manipulation) and bullying work behavior (physical or verbal threatening).<sup>62</sup> The cunning displayed by people who score high on psychopathy may thus help them gain power in an organization but keep them from using it toward healthy ends for themselves or their organizations.

**Other Traits** The Dark Triad is a helpful framework for studying the three dominant dark-side traits in current personality research, and researchers are exploring other traits as well. One emerging framework incorporates five additional aberrant compound traits based on the Big Five. First, *antisocial* people are indifferent and callous toward others. They use their extraversion to charm people, but they may be prone to violent CWBs and risky decision making. Second, *borderline* people have low self-esteem and high uncertainty. They are unpredictable in their interactions at work, are inefficient, and may have low job satisfaction. Their low self-esteem can lead to clinical depression.<sup>63</sup> Third, *schizotypal* individuals are eccentric and disorganized. In the workplace, they can be highly creative, although they are susceptible to work stress. Fourth, *obsessive-compulsive* people are perfectionists and can be stubborn, yet they attend to details, carry a strong work ethic, and may be motivated by achievement. Fifth, *avoidant* individuals feel inadequate and hate criticism. They can function only in environments requiring little interaction.<sup>64</sup>

Personality traits have both positive and negative aspects. The degree of each trait—the Big Five, the Dark Triad, and others—in a person, and the combination of traits, matter a great deal to organizational outcomes. It would be easy to make quick management decisions based on our observations, but it is important to keep discussions on personality in perspective and to consider other theories.

## Other Personality Attributes Relevant to OB

### 5-3

Discuss how the concepts of core self-evaluation (CSE), self-monitoring, and proactive personality contribute to the understanding of personality.

**core self-evaluation (CSE)** Bottom-line conclusions individuals have about their capabilities, competence, and worth as a person.

### Core Self-Evaluations (CSEs)

**Core self-evaluations (CSEs)** are bottom-line conclusions individuals have about their capabilities, competence, and worth as a person. People who have positive CSEs like themselves and see themselves as effective and in control of their environment. Those with negative CSEs tend to dislike themselves, question their capabilities, and view themselves as powerless over their environment.<sup>65</sup> Recall we discussed in Chapter 3 that CSEs relate to job satisfaction because people who are positive on this trait see more challenge in their jobs and actually attain more complex jobs.

People with positive CSEs perform better than others because they set more ambitious goals, are more committed to their goals, and persist longer in attempting to reach them. People who have high CSEs provide better customer service, are more popular coworkers, and may have careers that begin on better footing and ascend more rapidly over time.<sup>66</sup> They perform especially well if they feel their work provides meaning and is helpful to others.<sup>67</sup> Therefore, people with high CSEs may thrive in organizations with high corporate social responsibility (CSR).

## Self-Monitoring

Zoe is always in trouble at work. Although she's competent, hardworking, and productive, she receives average ratings in performance reviews, and seems to have made a career out of irritating her bosses. Zoe's problem is that she's politically inept and unable to adjust her behavior to fit changing situations. As she said, "I'm true to myself. I don't remake myself to please others." Zoe is a low self-monitor.

**Self-monitoring** describes an individual's ability to adjust behavior to external, situational factors.<sup>68</sup> High self-monitors show considerable adaptability in adjusting their behavior to external situational factors. They are highly sensitive to external cues and can behave differently in varying situations, sometimes presenting striking contradictions between their public personae and their private selves. Low self-monitors like Zoe can't disguise themselves in that way. They tend to display their true dispositions and attitudes in every situation; hence, there is high behavioral consistency between who they are and what they do.

Evidence indicates high self-monitors pay closer attention to the behavior of others and are more capable of conforming than are low self-monitors.<sup>69</sup> High self-monitor employees show less commitment to their organizations, but receive better performance ratings and are more likely to emerge as leaders.<sup>70</sup> High self-monitor managers tend to be more mobile in their careers, receive

**self-monitoring** A personality trait that measures an individual's ability to adjust his or her behavior to external, situational factors.

**Myth or Science?**

## We Can Accurately Judge Individuals' Personalities a Few Seconds after Meeting Them

**S**urprisingly, this statement appears to be true.

Research indicates that individuals can accurately appraise others' personalities only a few seconds after first meeting them, or sometimes even from a photo. This "zero acquaintance" approach shows that regardless of the way in which people first meet someone, whether in person or online, their first judgments about the other's personality have validity. In one study, for example, individuals were asked to introduce themselves in, on average, 7.4 seconds. Observers' ratings of those individuals' extraversion were significantly correlated with the individuals' self-reported extraversion. Other research suggests personalities can be surmised from online profiles at zero acquaintance as well. One study even found that participants were able to determine the personality traits of individuals at the ends of the trait spectrum from viewing only photos.

Some traits, such as extraversion, are easier to perceive than others upon initial acquaintance, but less obvious

traits like self-esteem are also often judged fairly accurately by others. Even being forced to make intuitive, quick judgments rather than deliberate evaluations does not seem to undermine the accuracy of the appraisals.

Situations make a difference in the accuracy of the judgments for some personality traits. For example, although neuroticism is perhaps the most difficult trait to detect accurately, a recent study found neuroticism could be judged much more accurately when the situation made the individual react nervously. This makes sense when you consider that some situations activate or draw out a trait much more readily than others. Almost everybody looks calm when they're about to fall asleep!

The moderate accuracy of "thin slices" helps to explain the moderate validity of employment interviews, which we discuss in Chapter 17. Specifically, research shows that interviewers make up their minds about candidates within 2 minutes of first meeting them. While this is hardly an ideal way to make

important employment decisions, the research on personality shows these judgments do have some level of validity. It is important to keep in mind, however, that though we can ascertain people's personalities quickly, we should still keep an open mind and suspend judgment. There is always more to people than first meets the eye.

Sources: A. Beer, "Comparative Personality Judgments: Replication and Extension of Robust Findings in Personality Perception Using an Alternative Method," *Journal of Personality Assessment* 96, no. 6 (2014): 610–18; S. Hirschmueller, B. Egloff, S. C. Schmukle, S. Nestler, and M. D. Back, "Accurate Judgments of Neuroticism at Zero Acquaintance: A Question of Relevance," *Journal of Personality* 83, no. 2 (2015): 221–28; S. Hirschmüller, B. Egloff, S. Nestler, and D. Mitja, "The Dual Lens Model: A Comprehensive Framework for Understanding Self–Other Agreement of Personality Judgments at Zero Acquaintance," *Journal of Personality and Social Psychology* 104 (2013): 335–53; and J. M. Stopfer, B. Egloff, S. Nestler, and M. D. Back, "Personality Expression and Impression Formation in Online Social Networks: An Integrative Approach to Understanding the Processes of Accuracy, Impression Management, and Meta-Accuracy," *European Journal of Personality* 28 (2014): 73–94.

more promotions (both internal and cross-organizational), and are more likely to occupy central positions in organizations.<sup>71</sup>

### Proactive Personality

Did you ever notice that some people actively take the initiative to improve their current circumstances or create new ones? These are proactive personalities.<sup>72</sup> Those with a **proactive personality** identify opportunities, show initiative, take action, and persevere until meaningful change occurs, compared to others who generally react to situations. Proactive individuals have many desirable behaviors that organizations covet. They have higher levels of job performance<sup>73</sup> and do not need much oversight.<sup>74</sup> They are receptive to changes in job demands and thrive when they can informally tailor their jobs to their strengths. Proactive individuals often achieve career success.<sup>75</sup>

Proactive personality may be important for work teams. One study of 95 R&D teams in 33 Chinese companies revealed that teams with high-average levels of proactive personality were more innovative.<sup>76</sup> Proactive individuals are also more likely to exchange information with others in a team, which builds trust relationships.<sup>77</sup> Like other traits, proactive personality is affected by the context. One study of bank branch teams in China found that if a team's leader was not

**proactive personality** People who identify opportunities, show initiative, take action, and persevere until meaningful change occurs.

proactive, the benefits of the team's proactivity became dormant or, worse, was suppressed by the leader.<sup>78</sup> In terms of pitfalls, one study of 231 Flemish unemployed individuals found that proactive individuals abandoned their job searches sooner. It may be that proactivity includes stepping back in the face of failure.<sup>79</sup>

In short, while proactive personality may be important to individual and team performance, it has downsides, and its effectiveness may depend on the context. Do you think personality changes in different situations? Let's explore this possibility.

## Personality and Situations

### 5-4

Describe how the situation affects whether personality predicts behavior.

Earlier we discussed how research shows heredity is more important than the environment in developing our personalities. The environment is not irrelevant, though. Some personality traits, such as the Big Five, tend to be effective in almost any environment or situation. For example, research indicates conscientiousness is helpful to the performance of most jobs, and extraversion is related to emergence as a leader in most situations. However, we are learning that the effect of particular traits on organizational behavior depends on the situation. Two theoretical frameworks, situation strength and trait activation, help explain how this works.

### Situation Strength Theory

Imagine you are in a meeting with your department. How likely are you to walk out, shout at someone, or turn your back on everyone? Probably highly unlikely. Now imagine working from home. You might work in your pajamas, listen to loud music, or take a catnap.

**Situation strength theory** proposes that the way personality translates into behavior depends on the strength of the situation. By *situation strength*, we mean the degree to which norms, cues, or standards dictate appropriate behavior. Strong situations show us what the right behavior is, pressure us to exhibit it, and discourage the wrong behavior. In weak situations, conversely, "anything goes," and thus we are freer to express our personality in behavior. Thus, personality traits better predict behavior in weak situations than in strong ones.

Researchers have analyzed situation strength in organizations in terms of four elements:<sup>80</sup>

1. **Clarity**, or the degree to which cues about work duties and responsibilities are available and clear. Jobs high in clarity produce strong situations because individuals can readily determine what to do. For example, the job of janitor probably provides higher clarity about each task than the job of nanny.
2. **Consistency**, or the extent to which cues regarding work duties and responsibilities are compatible with one another. Jobs with high consistency represent strong situations because all the cues point toward the same desired behavior. The job of acute care nurse, for example, probably has higher consistency than the job of manager.
3. **Constraints**, or the extent to which individuals' freedom to decide or act is limited by forces outside their control. Jobs with many constraints represent strong situations because an individual has limited individual discretion. Bank examiner, for example, is probably a job with stronger constraints than forest ranger.
4. **Consequences**, or the degree to which decisions or actions have important implications for the organization or its members, clients, supplies, and so on. Jobs with important consequences represent strong situations because the environment is probably heavily structured to guard against mistakes. A surgeon's job, for example, has higher consequences than a foreign-language teacher's.

Some researchers have speculated organizations are, by definition, strong situations because they impose rules, norms, and standards that govern behavior. These constraints are usually appropriate. For example, we would not want an employee to feel free to engage in sexual harassment, follow questionable accounting procedures, or come to work only when the mood strikes.

Beyond the basics, though, it is not always desirable for organizations to create strong situations for their employees for a number of reasons. First, the elements of situation strength are often determined by organization rules and guidelines, which adds some objectivity to them. However, the perception of these rules influences how the person will respond to the situation's strength. For instance, a person who is usually self-directed may view step-by-step instructions (high clarity) for a simple task as a lack of faith in his ability. Another person who is a rule-follower might appreciate the detailed instructions. Their responses (and work attitudes) will reflect their perception of the situation.<sup>81</sup>

Second, jobs with myriad rules and tightly controlled processes can be dull or demotivating. Imagine that all work was executed with an assembly-line approach. Some people may prefer the routine, but many prefer having some variety and freedom. Third, strong situations might suppress the creativity, initiative, and discretion prized by some organizational cultures. One recent study, for example, found that in weak organizational situations, employees were more likely to behave proactively in accordance with their values.<sup>82</sup> Finally, work is increasingly complex and interrelated globally. Creating strong rules to govern diverse systems might be not only difficult but also unwise. In sum, managers need to recognize the role of situation strength in the workplace and find the appropriate balance.

## Trait Activation Theory

**trait activation theory (TAT)** A theory that predicts that some situations, events, or interventions "activate" a trait more than others.

Another important theoretical framework toward understanding personality and situations is **trait activation theory (TAT)**. TAT predicts that some situations, events, or interventions "activate" a trait more than others. Using TAT, we can foresee which jobs suit certain personalities. For example, a commission-based compensation plan would likely activate individual differences because extraverts are more reward-sensitive, than, say, open people. Conversely, in jobs that encourage creativity, differences in openness may better predict desired behavior than differences in extraversion. See Exhibit 5-3 for specific examples.

TAT also applies to personality tendencies. For example, a recent study found people learning online responded differently when their behavior was being electronically monitored. Those who had a high fear of failure had higher apprehension from the monitoring than others and learned significantly less. In this case, a feature of the environment (electronic monitoring) activated a trait (fear of failing), and the combination of the two meant lowered job performance.<sup>83</sup> TAT can also work in a positive way. One study found that, in a supportive environment, everyone behaved prosocially, but in a harsh environment, only people with prosocial tendencies exhibited them.<sup>84</sup>

Together, situation strength and trait activation theories show that the debate over nature versus nurture might best be framed as nature *and* nurture. Not only does each affect behavior, but they interact with one another. Put another way, personality and the situation both affect work behavior, but when the situation is right, the power of personality to predict behavior is even higher.

Having discussed personality traits, we now turn to values. Values are often very specific and describe belief systems rather than behavioral tendencies. Some beliefs or values reflect a person's personality, but we don't always act consistently with our values.

**Exhibit 5-3 Trait Activation Theory: Jobs in Which Certain Big Five Traits Are More Relevant**

Detail Orientation Required	Social Skills Required	Competitive Work	Innovation Required	Dealing with Angry People	Time Pressure (Deadlines)
<b>Jobs scoring high (the traits listed here should predict behavior in these jobs)</b>					
Air traffic controller	Clergy	Coach/scout	Actor	Correctional officer	Broadcast news analyst
Accountant	Therapist	Financial manager	Systems analyst	Telemarketer	
Legal secretary	Concierge	Sales representative	Advertising writer	Flight attendant	Editor Airline pilot
<b>Jobs scoring low (the traits listed here should not predict behavior in these jobs)</b>					
Forester	Software engineer	Postal clerk	Court reporter	Composer	Skincare specialist
Masseuse	Pump operator	Historian	Archivist	Biologist	Mathematician
Model	Broadcast technician	Nuclear reactor operator	Medical technician	Statistician	Fitness trainer
<b>Jobs that score high activate these traits (make them more relevant to predicting behavior)</b>					
Conscientiousness (+)	Extraversion (+)	Extraversion (+)	Openness (+)	Extraversion (+)	Conscientiousness (+)
	Agreeableness (+)	Agreeableness (-)		Agreeableness (+)	Neuroticism (-)

Note: A plus (+) sign means individuals who score high on this trait should do better in this job. A minus (-) sign means individuals who score low on this trait should do better in this job.

*Your best manager just lost his cool and humiliated a colleague in public. Now what?*

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HBR CASE STUDY

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# Bob's Meltdown

by Nicholas G. Carr

**Annette Innella, Vice President, Knowledge Management:** It was the most humiliating experience of my life. I knew Bob Dunn didn't see eye-to-eye with me, but I would never have imagined he'd attack me the way he did. I felt completely exposed and violated. Even now, nearly two days later, I'm angry and upset—I can hardly concentrate on my job.

The morning had actually started off quite well. Alex Brigham, one of the most respected consultants on knowledge management, had flown in from San Francisco to meet with me and go over our situation here at Concord Machines. It was an extremely productive meeting—Alex was surfacing all sorts of out-of-the-box ideas—and we decided to continue it over lunch. We had just come into the company cafeteria when out of nowhere someone starts yelling. At first, I had no idea what was going on. Then I realized that it was Bob Dunn—he was at a table by the door, just a

few feet from me—and that it was me he was screaming at. I was stunned, speechless. I just stood there while he went on and on, ranting about how I didn't know anything and how I was wrecking the company. It was very personal. Then he stood up and threw his lunch tray against the wall and stormed out, passing within a foot or two of me. I was scared. I sincerely thought he might do something physical.

Needless to say, I couldn't eat after that. Alex kindly escorted me out of the cafeteria and back to my office. The rest of the day is a blur. At some point after Alex left for the airport, Nathan Singer, the head of HR, came by and talked with me for a long time, and then Jay Nguyen, our CEO, called me from Toronto, where he was attending a conference. But to be honest, I can't really remember much of what either Nathan or Jay said. Obviously, though, they were both extremely upset by Bob's outburst.

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*HBR's cases, which are fictional, present common managerial dilemmas and offer concrete solutions from experts.*

I knew when I started here six months ago that I'd have a tough time. Concord Machines is an old-line manufacturer that's very set in its ways. They don't really understand that we're in a fundamentally new economy now and that a company's knowledge is its greatest competitive asset. Everyone here is still locked in their business and functional silos; there's no cross-unit teaming, no sharing. Jay told me he wanted me to shake things up, and that's what I've been trying to do. The Friday before this happened, Jay had okayed my proposal to establish a knowledge management committee—the Knowledge Protocols Group—that would bring together the best and the brightest from every unit to create a strategy and set an example for the rest of the company. I guess that's what set Bob off. He must have viewed it as an encroachment on his turf—his precious little Services Division.

I've come to believe that there are two types of people in business: the constructive and the destructive. Destructive people can succeed for a while if they're smart and competent and energetic, but in the end they'll do far more harm than good to an organization. I sensed from the start that Bob Dunn was a destructive person, and now I'm sure of it. He may be an important part of Concord Machines' past, but he's certainly not part of its future. I don't think Jay has any choice at this point but to let him go. I know I can't stay if he stays.

**Robert Dunn, Senior Vice President and General Manager, Services:** I'm not making any excuses—what I did was totally unacceptable—but you have to understand I'd been under a heck of a lot of pressure. We were two weeks into the fourth quarter, the company was behind budget on both revenue and income, and so of course everyone was looking to Services to make up the shortfall. They still call Concord Machines a manufacturer, but it doesn't make money on product sales anymore. All of our margin and most of our growth are coming from service contracts and spare parts sales—thanks to me and my people. Three years ago, when they put me in charge of the unit, we barely even had a services business; it was an afterthought. I cleaned the organization out and rebuilt it from scratch. I overhauled all our processes, brought in and trained a cracker-jack sales force, expanded successfully into

Europe and Asia. This year, Services will bring in nearly half of the company's revenue and virtually all of its profit. Hell, Services is Concord Machines.

At the start of the quarter, Jay called me into his office and laid it on the line. He told me, first, that I was going to have to beat my revenue target and, second, that a hiring freeze had been put into effect and, third, that they were going to take a quarter million out of my marketing budget. So I was in a vise, as usual. But I didn't whine about it. I just said, "Okay, I'll get it done." First thing I had to do was clear: rally the troops. I hopped on a plane, and I did the circuit—London, Paris, and Munich; then Taiwan and Singapore; and around to Phoenix and Dallas. I got home, and before I'd even had a chance to kiss the wife, the guys in London call me back. A big client in Glasgow is wavering about signing a contract extension, and they need me to help clinch the deal. Fine. I take the next flight. Then, while I'm in Scotland, I get a hysterical message from my wife. Our son, Gregg, has been in a car accident. Everyone's fine, but my car—a new Explorer—is totaled, and Gregg's been arrested for driving under the influence and possession of alcohol as a minor. It's a nightmare. When I finally get back, last Friday night, I have to deal with that. I'm the last person to use my personal life to make excuses for my job, but face it: Stress is stress. I'm human like everybody else.

Then comes the last straw. I get into the office Monday morning at seven, and I've got an e-mail from Annette Innella—this woman that Jay brought in six months ago to be in charge of "knowledge management," whatever the hell that means—saying that she's launching something called a Knowledge Protocols Group. And, get this, she wants each department head to assign two of their "most talented lieutenants" (that's a direct quote) to this KPG team. She says that they should be freed up enough from their operating duties to devote at least half their time to KPG. I nearly threw my computer through the window. I mean, they're squeezing my division to save the company's butt, and then they throw this nonsense at us. Give me a break.

So when Annette came into the lunchroom with another of her high-priced consultants and gave me that patronizing little smile of

hers, I just lost it. I mean, she knows nothing about this business. She's a waste of space—a corporate black hole. I really have no idea why Jay hired her in the first place. It was a huge mistake. So, yeah, I'm sorry for blowing up; it was a truly stupid move. But I'm carrying this company on my back, and that has to count for something.

**Nathan Singer, Senior Vice President, Human Resources:** We have a set of values in this company that we spent a lot of time creating, and I take those values very seriously. One of our values is entitled "Respect." This is what it says: "We value the unique and diverse talents of our coworkers, and we treat them at all times with respect and consideration." Say whatever you want about Annette—I personally think she's a breath of fresh air around here—but one thing is crystal clear. Bob Dunn acted in a way that was totally inconsistent with our company values. Screaming at a colleague in public and acting in a violent and threatening manner is outside the bounds of acceptable workplace behavior. If Bob is allowed to get away with this, it will undermine our values completely. I mean, who is going to take them seriously if he gets away with just a slap on the wrist?

Frankly, Bob Dunn has never taken this company's culture seriously. He wasn't onboard when we developed our mission and values, and I'd go so far as to say he treated the entire process with contempt. Of course, that's typical for Bob. He runs Services like it's his own private kingdom, like it's separate from the rest of the company. He routinely ignores or even insults the other executives here, particularly those in corporate roles like myself. He hasn't even returned my calls about this incident. He's just not a team player, and as Jay has made clear on many occasions, everyone in this company is part of the team. I know Bob gets results, but results aren't the only thing that matters. Bob's a dinosaur, when you get down to it, and though I'd like to give him the benefit of the doubt, it wouldn't surprise me if one of the reasons he attacked Annette is because she's a woman. I think he feels threatened.

**Paula Chancellor, Graphics Specialist:** I was sitting in the cafeteria eating a salad when Bob Dunn came in and sat down at my table. We all love Bob. He's gruff and has a temper, but he's a great guy. I mean, no other

big shot at this company would even think about sitting down and having lunch with me—I'm just the anonymous person who cranks out their PowerPoint slides. Bob, though, makes it a point to know your name and to always ask how you're doing.

Anyway, I could tell he was in a bad mood that day. We said hi to each other, and then we just ate our lunches quietly. I was flipping through a magazine, kind of in my own world. Then all hell breaks loose. I hear Bob say, really loud, "You've got to be kidding me, right?" I look up, and at first I think he might be yelling at me—his face is bright red, he's really steaming, and I'm thinking, "What the heck did I do?"—and then I realize he's talking to that new knowledge management person. Her name's Annette, I think. There was a big memo about her when she joined.

Anyway, Annette—she's with this other guy I'd never seen before, with these trendy little glasses—she stops and just glares at Bob. "Excuse me?" she says. "Are you talking to me?" She is just totally shocked.

"This knowledge group thing," Bob says. "That has to be the stupidest idea I've ever heard in my life. It's totally nuts. Do you have any clue what we do here? Have you looked at the numbers at all? You're going to screw up my whole damn operation when we can least afford it. You know what? You don't know the first thing about this company." Then he gets up and basically throws his lunch tray at the garbage can. There's food and trash all over the floor. He stomps out the door, and Annette's just standing there, in complete disbelief. It was crazy. People have been talking about it ever since. Everybody's wondering what Jay's going to do.

**Jay Nguyen, President and CEO:** What a mess. Bob Dunn's the best manager I have. Hands down, the best. He understands the business, he works tirelessly, and he gets his people to do unbelievable things. His people adore him, in fact—at least, those that have had the stamina to stick with him. This company would fall apart in five minutes without Bob. I know it, and he knows it.

But screaming at a colleague in the cafeteria? Throwing your tray? That's too much. I don't know where you draw the line, but that's definitely over it. The ironic thing is, I was probably just as angry about Annette's memo as Bob was. I hadn't given her a green

*So when Annette came into the lunchroom with another of her high-priced consultants and gave me that patronizing little smile of hers, I just lost it.*

*What a mess. Bob Dunn's the best manager I have. Hands down, the best. He understands the business, he works tirelessly, and he gets his people to do unbelievable things.*

light on setting up that group; I had just said it looked like a promising idea. And even that was an exaggeration—the last thing we need right now is for people to take their eyes off the bottom line. Now I'm really in a box. If I ask Annette to postpone the initiative, it'll look like I'm sanctioning Bob's behavior. And that's a message I can't send. Heck, I'd probably end up getting sued or something.

I brought Annette in because I was convinced that the company needed some fresh thinking. And I'm still convinced that's true. Our products are commodities at this point; we have to keep cutting manufacturing costs just to stay even. Bob's unit is making all the money, but that's eventually going to start flattening out, no matter how good a manager Bob is. We've got good people here, but we're not capturing their ideas. We need new products, new services, new strategies. I have

my doubts about Annette—I'm not sure she fully understands the realities of the business we're in. But I have no doubt about the need to tap into our people's knowledge. No doubt at all.

I just don't know what to do. In some ways, I even feel I'm a little to blame here. I've been pushing Bob relentlessly. He's always seemed to thrive on pressure—the more work you give him, the more he wants. But maybe I went too far. Everybody has a breaking point.

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How should the CEO respond to his top manager's tantrum?

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**Nicholas G. Carr** is an executive editor at HBR.

## CHAPTER 2

# Diversity and Inclusion at Work

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## Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand the difference between diversity and inclusion.
2. Explain the benefits of diversity and inclusion.
3. Describe potential barriers to achieving diversity and inclusion.
4. Describe the challenges and opportunities related to managing a multicultural workforce.
5. Understand connections between diversity and inclusion at work and ethics, technology, and cross-cultural management.

Globally, the workforce is increasingly diverse. Countries differ when it comes to how diverse workplaces are. For example, in 2020, women constituted 46% of the workforce in the United States, 7.7% in Yemen, and 52.1% in Mozambique.<sup>[1]</sup> Further, 12.6% of the U.S. workforce is Black, 17.5% is of Hispanic origin, and 6.3% is Asian.<sup>[2]</sup> Employees continue to work beyond retirement, introducing age diversity to the workforce. Regardless of your gender, race, and age, you will need to work with, communicate with, and understand people different from you at school as well as at work. Understanding cultures different from your own is also becoming increasingly important due to the globalization of business. In the United States, 17.4% of domestic employees were foreign-born, indicating that even those of us who are not directly involved in international business may benefit from developing an appreciation for the differences and similarities between cultures.<sup>[3]</sup> In this

chapter, we examine particular benefits and challenges of managing a diverse workforce and discuss ways in which you can increase your effectiveness when working with diversity.

As we discuss differing environments faced by employees with different demographic traits, we primarily concentrate on the legal environment in the United States. Note that the way in which demographic diversity is treated legally and socially varies around the globe. For example, countries such as Canada and the United Kingdom have their own versions of equal employment legislation. Moreover, how women, employees of different races, older employees, employees with disabilities, employees of different religions, employees with disabilities, and LGBTQ employees are viewed and treated shows much variation based on the societal context.

## 2.2 Demographic Diversity and Inclusion

### Learning Objectives

1. Explain the benefits of diversity and inclusion.
2. Explain the challenges of diversity management.
3. Describe the unique environment facing employees with specific traits such as sex, race, religion, disabilities, age, sexual orientation, and gender identity.

#### diversity

Compositional differences among people in a work unit.

**Diversity** refers to compositional differences among people in a work unit.<sup>[6]</sup> These differences lead people to perceive others as similar to or different from themselves. Diversity may be defined by any characteristic that varies within a particular work unit such as gender, race, age, education, tenure, or functional background (such as being an engineer versus being an accountant). In this chapter, our focus will be on diversity with respect to demographic, relatively stable, and visible characteristics: specifically race, sex, age, religion, disabilities, sexual orientation, and gender identity. Understanding how these characteristics affect organizational behavior is important. While many organizations publicly rave about the benefits of diversity, many find it challenging to develop an inclusive culture. This is evidenced by the number of complaints filed with the Equal Employment Opportunity Commission (EEOC) regarding discrimination. In the United States, the Age Discrimination Act of 1975 and Title VII of the Civil Rights Act of 1964 outlaw discrimination based on age, gender, race, national origin, or religion. The 1990 Americans with Disabilities Act prohibits discrimination against employees based on physical or mental disabilities who are able to perform the essential aspects of their jobs with or without accommodations. In 2019, over 72,000 individuals filed a complaint claiming that they were discriminated against based on protected characteristics.<sup>[7]</sup> Of course, this number represents only the most extreme instances in which victims must have received visibly discriminatory treatment to justify filing a complaint. It is reasonable to assume that many instances of discrimination go unreported because they are more subtle and employees may not even be aware of inconsistencies such as pay discrimination. It seems that there is room for improvement when it comes to benefiting from diversity, understanding its pitfalls, and creating a work environment where people feel appreciated for their contributions regardless of who they are.

## Benefits of Diversity and Inclusion

Effective management of diversity is simply the right thing to do. Diversity is also a fact of organizational life, and it is here to stay. The talent organizations need is diverse in race, age, sex, gender identity, religion, disability status, and any other number of dimensions. What are the benefits of diversity for groups and organizations? Research examining diversity in isolation (without considering it along with inclusion), actually paints a nuanced picture. Groups that are diverse tend to experience lower levels of cohesiveness, higher levels of conflict, lower levels of team performance, and higher levels of turnover. Human beings find it easier to communicate with each other when they interact with others who are similar. In other words, increasing levels of diversity are not always followed by desirable outcomes for organizations.<sup>[8]</sup>

At the same time, when examined along with **inclusion**, the potential benefits of diversity emerge. Inclusion involves allowing individuals to bring aspects of themselves that make them unique to a group, while also being treated as organizational insiders. Inclusive organizations ensure that all individuals are allowed to participate in the organizational life fully, their voices are heard, and concerted efforts are made to remove barriers to the fair treatment of everyone.<sup>[9]</sup> Research has shown that a climate of inclusion is necessary to turn diversity into an advantage for organizations.<sup>[10]</sup> Thus, it is important to consider diversity and inclusion together: Simply having diversity does not mean that the organization is inclusive, and without inclusiveness, diversity is not sufficient to yield positive outcomes. As diversity consultant and advocate Verna Myers notes, "Diversity is being invited to the party. Inclusion is being asked to dance."<sup>[11]</sup> In the next section, we summarize potential benefits of diversity and inclusion. So, when discussing benefits of diversity, we need to treat diversity as a necessary first step, but insufficient without inclusion.

### **inclusion**

The degree to which individuals can bring the aspects of themselves that make them unique while also being treated as insiders.

## Higher Creativity in Decision Making

An important potential benefit of having a diverse workforce is the ability to make higher quality decisions. In a diverse work team, people will have different opinions and perspectives. In these teams, individuals are more likely to consider more alternatives and think outside the box when making decisions. When thinking about a problem, team members may identify novel solutions. Research shows that teams that are diverse with respect to values, thinking styles, knowledge, skills, and beliefs stimulate creativity in members.<sup>[12]</sup> Therefore, having a diverse workforce may have a direct impact on a company's bottom line by increasing creativity in decision making.

Research shows that diverse teams tend to make higher quality decisions.

## Better Understanding and Service of Customers

A company with a diverse workforce may create products or services that appeal to a broader customer base. PepsiCo Inc. planned and executed a successful diversification effort in the recent past. The company was able to increase the percentage of women and ethnic minorities in many levels of the company, including management. The company points out that in some years, about 1% of the company's 8% revenue growth came from products that were inspired by the diversity efforts, such as guacamole-flavored Doritos chips and wasabi-flavored snacks.<sup>[13]</sup> Companies with more women have been responsible for introducing innovative ideas to the market, such as the online subscription and personal shopping service Stitch Fix. On a negative note, companies lacking diversity often introduce products that do not meet the needs of a particular segment of the population. For example, when Apple first introduced its Health app, the company came under fire for enabling users to track a wide variety of metrics including sodium intake and yet somehow failing to include metrics relating to reproductive health. Similarly, the early failure of voice recognition software to recognize female voices or image recognition software failing to recognize Black faces has been attributed to the lack of diversity in the technology industry.<sup>[14]</sup> A company with a diverse workforce may understand the needs of particular groups of customers better, and customers may feel more at ease when they are dealing with a company that understands their needs.

## Higher Job Satisfaction

When employees feel that they are fairly treated, they tend to be more satisfied. On the other hand, when employees perceive that they are being discriminated against, they tend to be less attached to the company, less satisfied with their jobs, and experience more stress at work.<sup>[15]</sup> Organizations where employees are satisfied often have lower turnover. Organizational practices aimed at creating a diverse and inclusive culture help employees to develop trust in the organization and management, and have been shown to have advantages in facilitating employee engagement.<sup>[16]</sup> In

contrast, in organizations where people experience or observe discrimination, employees suffer from higher levels of stress and experience a sense of injustice, resulting in more negative outcomes.<sup>[17]</sup>

## Higher Stock Prices

Companies that do a better job of creating and managing a diverse workforce are often rewarded in the stock market, indicating that investors use this information to judge how well a company is being managed. For example, companies that have greater levels of gender diversity in their board of directors have been shown to have higher stock returns following the initial public offering (IPO) of their stocks.<sup>[18]</sup> Further, companies that receive an award from the U.S. Department of Labor for their diversity management programs show increases in their stock price in the days following the announcement. Conversely, companies that announce settlements for discrimination lawsuits often show a decline in stock prices afterward.<sup>[19]</sup>

## Lower Litigation Expenses

Companies doing a particularly bad job in diversity management face costly litigations. When an employee or a group of employees feel that the company is violating EEOC laws, they may file a complaint. The EEOC acts as a mediator between the company and the person, and the company may choose to settle the case outside the court. If no settlement is reached, the EEOC may sue the company on behalf of the complainant or may provide the injured party with a right-to-sue letter. Regardless of the outcome, these lawsuits are expensive and include attorney fees as well as the cost of the settlement or judgment, which may reach millions of dollars. The resulting poor publicity also has a cost to the company. For example, in 2018, the Seasons 52 restaurant, which is a brand owned by Darden Restaurants, was ordered to pay \$2.85 million in an age discrimination lawsuit. The company had told applicants denied employment that they had too much experience, and that they were looking for "fresh" employees. In the same year, Ford was ordered to pay an ex-engineer of Arab descent \$16.8 million due to harassment and creation of a hostile work environment.<sup>[20]</sup> As you can see, effective management of diversity can lead to big cost savings by decreasing the probability of facing costly and embarrassing lawsuits.

## Higher Company Performance

As a result of all these potential benefits, companies that manage diversity more effectively tend to outperform others. Research shows that in companies pursuing a growth strategy, there was a positive relationship between racial diversity of the company and firm performance.<sup>[21]</sup> Companies ranked in the Diversity 50 list created by *DiversityInc* magazine performed better than their counterparts.<sup>[22]</sup> And, in a survey of 500 large companies, those with the largest percentage of female executives performed better than those with the smallest percentage of female executives. Of course, correlation does not equal causation, and it is possible that the causal arrow goes the other way and strong organizations have the bandwidth to invest in diversity initiatives. The relationship, however, remains.<sup>[23]</sup>

# Challenges to Achieving Diversity and Inclusion

If managing diversity effectively has the potential to increase company performance, increase creativity, and create a more satisfied workforce, why aren't all companies doing a better job of encouraging diversity? Despite all the potential advantages, there are also a number of challenges associated with increased levels of diversity in the workforce.

## Similarity-Attraction Phenomenon

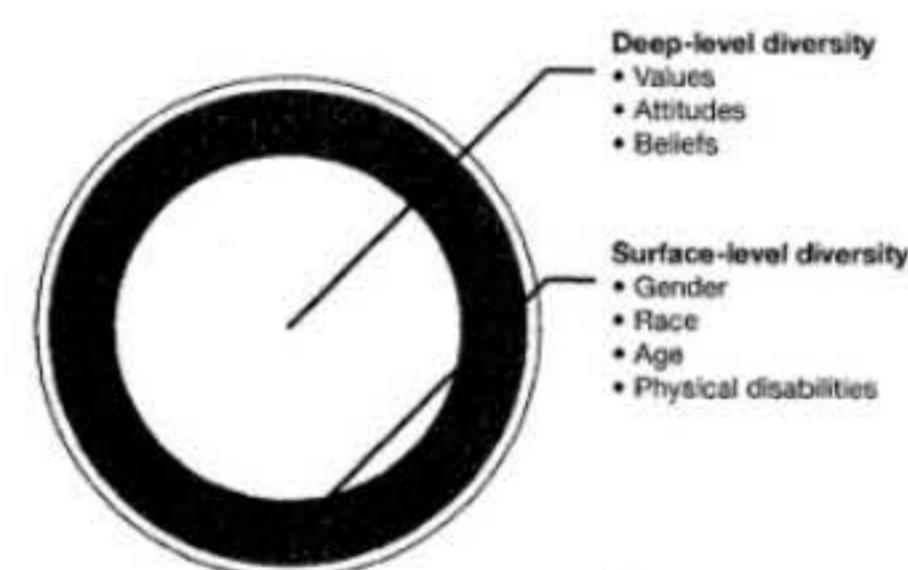
One of the commonly observed phenomena in human interactions is the tendency for individuals to be attracted to similar individuals. This attraction influences interpersonal relationships as well as relations among groups.<sup>[24]</sup> Research shows that individuals show a preference toward similar others. They allocate greater resources to them when given the chance, show more positive attitudes toward them, and are more strongly drawn to them. They express greater levels of comfort with similar others, and display greater levels of confidence in homogeneous groups regardless of how they actually perform.<sup>[25]</sup>

The **similarity-attraction phenomenon** may explain some of the potentially unfair treatment based on demographic traits. If a hiring manager chooses someone who is similar over a more qualified candidate who is dissimilar in a characteristic such as sex, race, or age, the decision will be unfair and a barrier to achieving diversity in the workplace. In other words, similarity-attraction may give the majority group an advantage in hiring or other human resource decisions because hiring managers will perceive greater chemistry and feel more comfortable with someone similar to them, jeopardizing the candidacy of someone who is different from the group composition. Even when candidates from underrepresented groups are hired, they may receive different treatment within the organization. For example, research shows that one way in which employees may get ahead within organizations is through being mentored by a knowledgeable and powerful mentor. Yet when the company does not have a formal mentoring program in which people are assigned a specific mentor, people are more likely to develop a mentoring relationship with someone who is similar to them in demographic traits.<sup>[26]</sup> This means that those who are not selected as protégés will not be able to benefit from the support and advice that would further their careers. Similarity-attraction may even affect the treatment people receive daily. If a male manager frequently invites a male employee to have lunch with him while a female employee is excluded from such interaction opportunities, the male employee over time may develop greater access to information, advice, or other intangible opportunities that are beneficial to one's career.

Why are we more attracted to those who share our demographic attributes? Demographic traits are part of what makes up **surface-level diversity**. Surface-level diversity includes traits that are highly visible to us and those around us, such as race, gender, and age. Researchers believe that people pay attention to surface diversity because they are assumed to be related to **deep-level diversity**, which includes values, beliefs, and attitudes. We want to interact with those who share our values and attitudes, but when we meet people for the first time, we have no way of knowing whether they share similar values. As a result, we tend to use surface-level diversity to make judgments about deep-level diversity. Research shows that surface-level traits affect our interactions with other people early in our acquaintance with them, but as we get to know people, the influence of surface-level traits is replaced by deep-level traits such as similarity in values and attitudes.<sup>[27]</sup> Age, race, and gender dissimilarity are also stronger predictors of employee turnover during the first few weeks or months within a company. It seems that people who are different from others

**FIGURE 2.1** Levels of Diversity

Individuals often initially judge others based on surface-level diversity. Over time, this effect tends to fade and is replaced by deep-level traits such as similarity in values and attitudes.



### similarity-attraction phenomenon

The tendency to be more attracted to individuals who are similar to us.

### surface-level diversity

Traits that are highly visible to us and those around us, such as race, gender, and age.

### deep-level diversity

Diversity in values, beliefs, and attitudes.

may feel isolated during their early tenure when they are dissimilar to the rest of the team, but these effects tend to disappear as people stay longer and get to know other employees.

As you may see, while similarity-attraction may put some employees at a disadvantage, it is a tendency that can be managed by organizations. By paying attention to employees early in their tenure, having formal mentoring programs in which people are assigned mentors, and training managers to be aware of the similarity-attraction tendency, organizations can go a long way in dealing with potential diversity challenges.

## Faultlines

### **faultline**

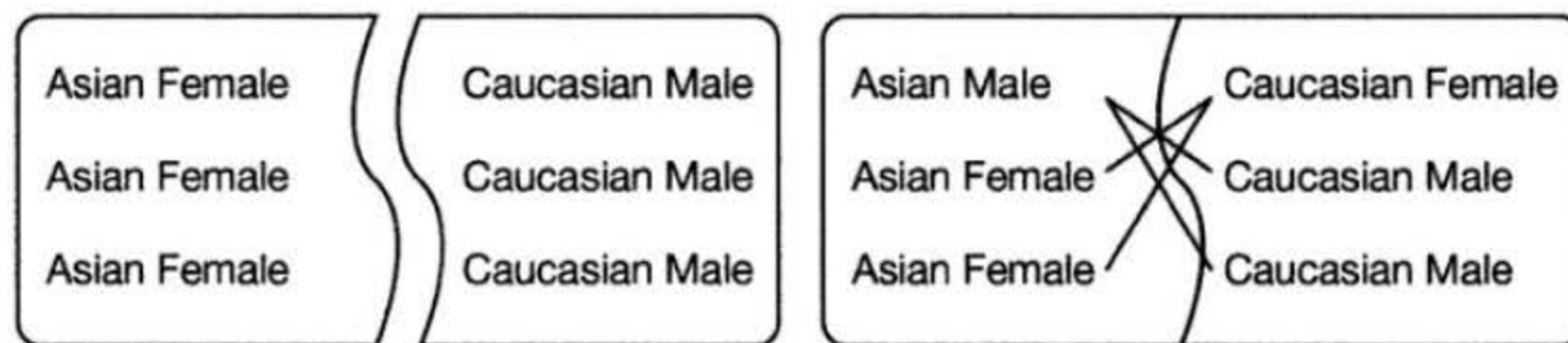
An attribute along which a group is split into subgroups.

A **faultline** is an attribute along which a group is split into subgroups. For example, in a group with three women and three men, gender may act as a faultline because the women may see themselves as separate from the men. Now imagine that the women of the same team are all over age 50 and the men are all under age 25. In this case, age and gender combine to further divide the group into two subgroups. Teams that are divided by faultlines experience a number of difficulties. For example, members of the different subgroups may avoid communicating with each other, reducing the overall cohesiveness of the team. Research shows that teams with faultlines experience more conflict, are less cohesive, and have less satisfaction and performance.<sup>[28]</sup> Faultlines are more likely to emerge in diverse teams, but not all diverse teams have faultlines. Going back to our example, if the team has three men and three women as members, but if two of the women are older and one of the men is also older, then the composition of the team will have a much different effect on the team's processes. In this case, age could be a bridging characteristic that brings together people divided across gender.

Research shows that even groups that have strong faultlines can perform well if they establish certain norms. When members of subgroups debate the decision topic among themselves before having a general group discussion, there seems to be less communication during the meeting on pros and cons of different alternatives. Having a norm stating that members should not discuss the issue under consideration before the actual meeting may be useful in increasing decision effectiveness.<sup>[29]</sup> Further, the existence of an inclusive diversity climate reduced the negative effects of faultlines on loyal behaviors.<sup>[30]</sup>

**FIGURE 2.2 Group Faultlines**

The group on the left will likely suffer a strong faultline due to the lack of common ground. The group to the right will likely only suffer a weak faultline because the men and women of the different groups will likely identify with each other.



## Stereotypes and Unconscious Biases

An important challenge of managing a diverse workforce is the possibility that stereotypes and unconscious biases about different groups could lead to unfair decision making. **Stereotypes** are generalizations about a particular group of people. The assumption that women are more relationship oriented, while men are more assertive, is an example of a stereotype. **Unconscious (or implicit) biases** are stereotypes that are held that are outside of conscious awareness. For example, a manager who is surprised that the technical employee all the clients are raving about is a woman may be demonstrating an unconscious bias.

The problem with stereotypes and unconscious biases is that individuals may rely on stereotypes when making decisions, instead of collecting actual data and verifying their assumptions. As a result, stereotypes may lead to unfair and inaccurate decision making. For example, a hiring manager holding the stereotype that men are more assertive may prefer a male candidate for a management position over a well-qualified female candidate. The assumption would be that management positions require assertiveness and the male candidate would be more assertive than the female candidate. Being aware of these stereotypes is the first step to preventing them from affecting decision making. Research has shown that stereotypes and implicit biases affect hiring decisions. For example, in a laboratory experiment, when individuals were asked to hire someone for a job involving math abilities, they were twice as likely to hire a man. Even providing past performance information did not fully eliminate this male advantage. Such discrimination may be part of the puzzle for the underrepresentation of women in science and engineering.<sup>[31]</sup> Further, stereotypes and prejudices are associated with more covert and interpersonal forms of discrimination, such as acting less warm and friendly toward the stigmatized person, being more rude toward this person, or cutting the interaction short.<sup>[32]</sup>

ScienceForWork is a nonprofit organization dedicated to providing decision makers with trustworthy and useful insights from the science of organizations and people management. They review meta-analyses and summarize findings such as the one here. You will see figures from their work throughout this book.

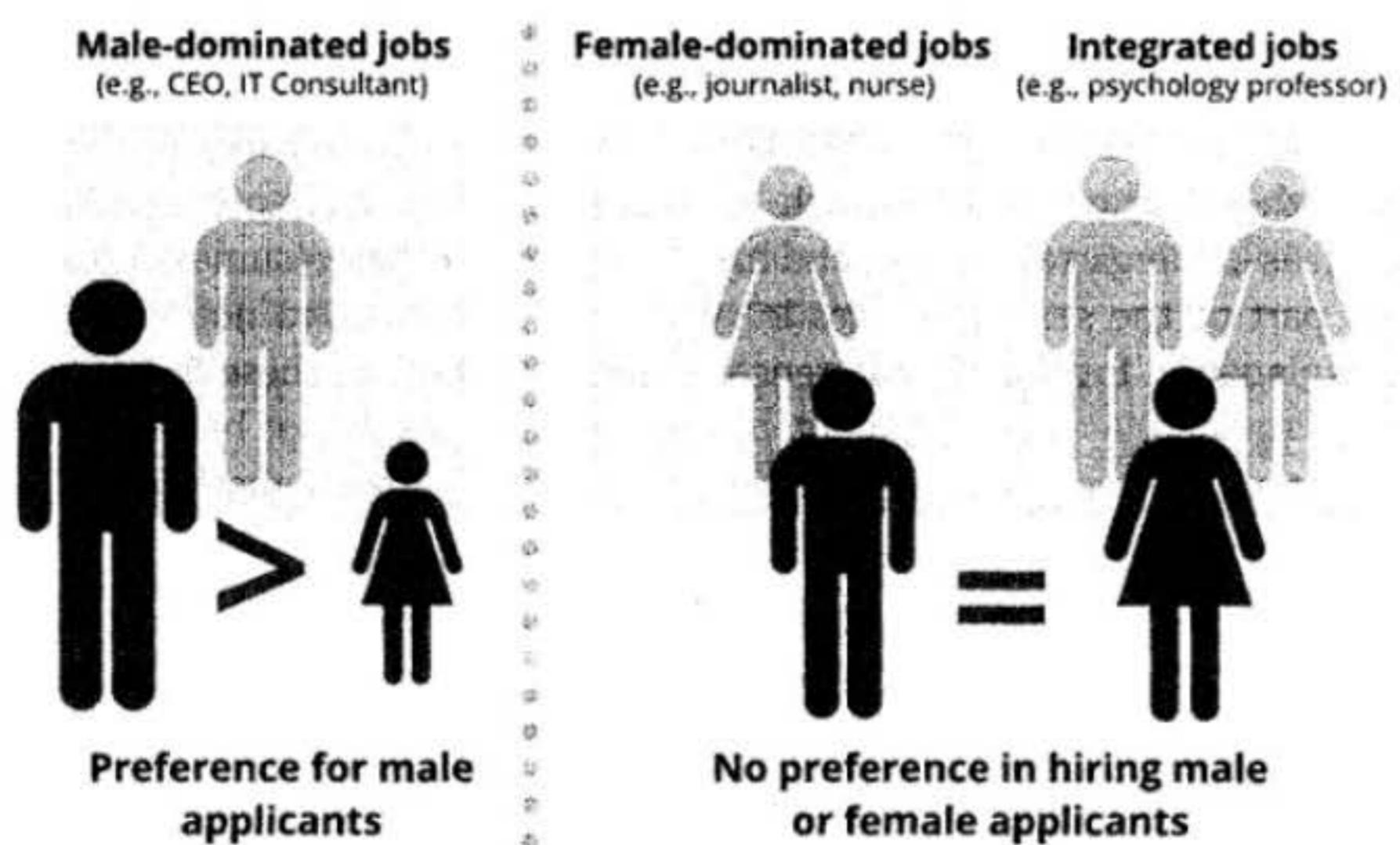
### stereotypes

Generalizations about a particular group of people.

### unconscious (or implicit) biases

Stereotypes about specific groups that are held outside of conscious awareness.

## Gender bias in hiring Who does it affect?



Source: Koch, A. J., D'Mello, S. D., & Sackett, P. R. (2015). A meta-analysis of gender stereotypes and bias in experimental simulations of employment decision making. *Journal of Applied Psychology*, 100, 128-161 doi: 10.1037/a0036734

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Organizations may take concrete steps to prevent stereotypes from affecting their decisions. For example, orchestras in the United States saw a dramatic increase in female musicians after they started introducing "blind" auditions—auditions in which the candidate plays behind a screen.<sup>[33]</sup> In 2006, France passed a law requiring employers with more than 50 employees to remove personal data that potentially signals an applicant's race, religion, or ethnicity from résumés in order to prevent stereotypes from influencing who is hired.<sup>[34]</sup> Such structural changes may help to systematically prevent stereotypes from affecting employment decisions.

## Specific Diversity Issues

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Different demographic groups face unique work environments and varying challenges in the workplace. In this section, we will review the particular challenges associated with managing gender, race, religion, physical ability, and sexual orientation diversity in the workplace.

### Sex Diversity in the Workplace

In the United States, three important pieces of legislation prohibit sex discrimination at work. The Equal Pay Act (EPA, 1963) prohibits discrimination in pay based on sex. Title VII of the Civil Rights Act (1964) prohibits discrimination in all employment-related decisions based on sex. In 2009, the Lilly Ledbetter Fair Pay Act was signed into law. This act is named after a woman who, at the end of her 19 years as a supervisor at a Goodyear tire factory, discovered she had been paid less than her male counterparts. The act gives a potential litigant 180 days to file a claim every time a worker receives a paycheck. Despite the existence of protective legislation, women and men often face different treatment at work. The earnings gap, the glass ceiling, and sexual harassment are three key problems women may experience in the workplace that we will discuss in more detail.

#### Earnings Gap

An often publicized issue women face at work is the earnings gap. Considering both full- and part-time workers, the median earnings of women in 2018 was 85% of men in the United States.<sup>[35]</sup> There are many potential explanations for the earnings gap that are often reported in the popular media. Some explanations for this gap focus on "human capital." According to this view, women and men bring different investments to work. For example, women work shorter hours, are underrepresented in high-paying occupations such as engineering and overrepresented in low-paying occupations such as kindergarten teacher, and have more gaps in their résumés due to parenthood, which explains part of the sex differences in pay.<sup>[36]</sup> It is important to note that these do not provide a full explanation for the sex differences in pay, and framing these factors as "individual choice" may be misguided. As a case in point, many organizations do not have family-supportive policies in place, resulting in women having to leave their jobs following motherhood. While these decisions may be interpreted as choice, they also indicate lack of alternatives.

A commonly used explanation for the pay gap is that women are less likely to negotiate. There is some truth to this, as research has shown that when it is unclear whether wages are negotiable, male job seekers are more likely to negotiate. Interestingly, when it is explicitly mentioned that wages are negotiable, such differences disappear.<sup>[37]</sup> At the same time, laboratory studies show that women candidates who negotiated were more likely to be penalized for their attempts to negotiate, and male evaluators expressed an unwillingness to work with a woman who negotiated.<sup>[38]</sup> In other words, there may be some danger in simply advising women to negotiate: They may be choosing not to negotiate, predicting that negotiation would not result in positive outcomes for them, and may in fact damage relationships. The differences in the tendency to negotiate and success in negotiating are important factors contributing to the earnings gap. According to one estimate, as

much as 34% of the differences between women's and men's pay can be explained by their starting salaries.<sup>[39]</sup> When differences in negotiation tendencies or outcomes affect starting salaries, they may have a large impact over the course of years. In short, the earnings gap is a complicated issue that may not be reduced to differences in negotiation tendencies or outcomes. Effective negotiation and learning to advocate for oneself is important for everyone in general, but organizations may play a role here by making it clear when it is expected that candidates will negotiate, and ensuring that employees are paid based on what they are worth as opposed to their skills in negotiating.

Numerous studies suggest that stereotypes and biases disadvantaging women are alive and well. One meta-analysis showed that the male-female gap in pay was larger in occupations that were male dominated, and in complex jobs. These differences were not explainable by differences in performance of men and women.<sup>[40]</sup> In an experimental study where MBA students played the role of investors, the recommended percentage to invest in the Initial Public Offering (IPO) of an entrepreneurial business was four times as much when the company was led by a male CEO.<sup>[41]</sup>

Companies and governments are beginning to take action to close the gap. Organizations such as Adobe, Expedia, and Starbucks made public pledges to closing the pay gap through periodic audits followed by concrete action. Cities and states including Oregon, California, and New York City now ban asking job applicants about their pay history, as this practice perpetuates past gaps. Further, states including Massachusetts, New Jersey, and Oregon passed laws that would encourage employers to minimize pay differentials among employees performing comparable work when such differences are not explainable through job related factors.<sup>[42]</sup>

## Glass Ceiling

Another issue that provides a challenge for women in the workforce is the so-called **glass ceiling**. While women may be represented in lower level positions, they are less likely to be seen in higher management and executive suites of companies.<sup>[43]</sup> In fact, while women constitute close to one-half of the workforce, men are four times more likely to reach the highest levels of organizations.<sup>[44]</sup> Although a record number of female CEOs of Fortune 500 firms emerged in 2020, they still only accounted for 7.4% of the CEOs on the list.<sup>[45]</sup> In fact, a study by the global consulting firm DDI on 55,000 assessments for top leadership roles, including CEO roles, showed that 52% of the organizations did not have a single female candidate in their selection pool (and when they had one female candidate, she was never chosen).<sup>[46]</sup> A related phenomenon is termed **glass cliff**. This is the tendency of women and minority members to be promoted to leadership positions in poor-performing, struggling firms. Even though these leaders look like they broke through the glass ceiling, they are at a higher risk of failure. Struggling firms may be more likely to offer these precarious positions to women and minorities to signal that they intend to make a change, and the candidates may be more likely to accept these positions thinking that this is their only chance at leadership. Research also shows that when the firm performance further declines under their leadership, the firm is more likely to replace them with a white and male leader.<sup>[47]</sup>

The absence of women in leadership is problematic, particularly in light of studies that show the leadership performance of female leaders is comparable to, and in some dimensions such as transformational or change-oriented leadership, superior to, the performance of male leaders.<sup>[48]</sup>

One explanation for the glass ceiling is the sex-based stereotypes favoring men in managerial positions. Traditionally, men have been viewed as more assertive and confident than women, while women have been viewed as more passive and submissive. Studies show that these particular stereotypes are still prevalent among male college students, which may mean that these stereotypes may be perpetuated among the next generation of managers.<sup>[49]</sup> Assumptions such as these are problematic for women's advancement because stereotypes associated with men are characteristics often associated with being a manager. Stereotypes are also found to influence how managers view male versus female employees' work accomplishments. For example, when men and women work together in a team on a stereotypically "masculine" task such as working on an investment portfolio and it is not clear to management which member has done what, managers are more

As of May 2020, only 37 of the Fortune 500 were helmed by a female CEO. Pictured here is Safra Katz, CEO of Oracle.

### glass ceiling

The situation that some qualified employees are prevented from advancing to higher level positions due to factors such as discrimination. The glass ceiling is often encountered by women and minorities.

### glass cliff

Tendency of women and minority members to be promoted to leadership positions in poor performing, struggling firms.

likely to attribute the team's success to the male employees and give less credit to the female employees.<sup>[50]</sup>

There are many organizations making the effort to make work environments more welcoming to men and women. For example, IBM is reaching out to female middle school students to get them interested in science, hoping to increase female presence in the field of engineering.<sup>[51]</sup> Companies such as IBM, Deloitte, Ernst & Young, Unilever, and Johnson & Johnson topped the 2019 100 Best Companies list created by *Working Mother* magazine by providing flexible work arrangements to balance work and family demands. In addition, these companies provide employees of both sexes with learning, development, and networking opportunities.<sup>[52]</sup>

## Sexual Harassment

Norway is a pioneer in tackling the glass ceiling problem through legislation. In 2002, they passed a law requiring boards of directors to be made up of at least 40% women in all state-owned and publicly listed companies starting in 2008. Other European countries, such as France and Spain, followed suit.

**Sexual harassment** refers to unwanted sexual advances, requests for sexual favors, and other verbal and physical conduct that is sexual in nature. The perpetrator may be a supervisor, a colleague, or a client. The victim may be a man or a woman, and the perpetrator and victim may be of the same sex. Regardless of the specifics, sexual harassment is conduct that is illegal according to the Equal Employment Opportunity Commission.<sup>[53]</sup> In 2019, men filed 16.8% of the sexual harassment claims with EEOC, suggesting that even though sexual harassment affects both sexes, women are disproportionately affected.<sup>[54]</sup>

Sexual harassment has long-lasting and negative effects on employees. For example, research has shown that it has been related to depression even a decade later, to poor job attitudes such as organizational commitment and job satisfaction, higher levels of absenteeism, and a tendency to quit an occupation altogether. Sexual harassment has implications for problems such as the earnings gap that we discussed earlier. For women, sexual harassment is more likely to occur when they work in male-dominated industries, but these occupations are also ones where pay rates are higher, which means that leaving these occupations may result in pay penalties over the course of one's career.<sup>[55]</sup>

In 2017, the #MeToo movement brought the prevalence of sexual harassment to international awareness, resulting in the downfall of high-profile, longtime accused perpetrators of such harassment. Organizations need to take meaningful steps to prevent harassment, including providing training, establishing mechanisms where victims can report what happened without having to go through their manager, taking quick action to protect the victim while ensuring due process, and creating organizational cultures that do not tolerate the abuse and harassment of anyone. Further, one study utilizing two large military samples showed that sexual harassment was less prevalent in units where there was a justice climate, an emphasis on unbiased decision making, consistency, and where employees were involved in decisions affecting them.<sup>[56]</sup> In other words, fostering a climate of fairness may create an environment where everyone is treated with dignity and respect.

**sexual harassment**  
Unwanted sexual advances, requests for sexual favors, and other verbal and physical conduct that is sexual in nature.

## Race Diversity in the Workplace

Race is another demographic characteristic that is under legal protection in the United States. Title VII of the Civil Rights Act (1964) prohibits race discrimination in all employment-related decisions. Yet systemic race discrimination continues to exist in many organizations. In a Korn-Ferry/Columbia University study of 280 minority managers earning more than \$100,000, 60% of the respondents reported that they had seen discrimination in their work assignments and 45% had been the target of racial or cultural jokes. The fact that such discrimination exists even at higher levels in organizations is noteworthy.<sup>[57]</sup> In a different study of over 5,500 workers, only 32% reported that their company did a good job hiring and promoting minorities.<sup>[58]</sup> One estimate suggests that when compared to white employees, Black employees are four times more likely and Hispanics are three times more likely to experience discrimination.<sup>[59]</sup>

Ethnic minorities experience both an earnings gap and a glass ceiling. In the first quarter of 2020, for every \$1 a Caucasian male employee made, Black males made around 75 cents while Hispanic males made just under 70 cents. The situation is somewhat different for Asian males, who make approximately \$1.24 for every \$1 earned by their Caucasian counterparts.<sup>[60]</sup> However, Asian males are still underrepresented in top management and as such, experience the glass ceiling phenomenon.<sup>[61]</sup> In early 2020, only five Fortune 500 companies had Black CEOs.<sup>[62]</sup> It is interesting that while ethnic minorities face these challenges, the demographic trends are such that by 2045, Caucasians are estimated to constitute less than one-half of the population in the United States.<sup>[63]</sup>

Unfortunately, discrimination against ethnic minorities still occurs. One study conducted by Harvard University researchers found that when Chicago-area companies were sent fictitious résumés containing identical background information, résumés with "Caucasian-sounding" names (such as Emily and Greg) were more likely to get callbacks compared to résumés with "Black-sounding" names (such as Jamal and Lakisha).<sup>[64]</sup> Race and sex also interact with each other to affect others' reactions to the individual and often constitute a "double jeopardy." For example, women of color are asked to do more "office housework" such as being expected to order lunch for everyone. Even in instances where such tasks do not take much time, they take time away from tasks that involve more learning and growth opportunities and reinforce existing power dynamics keeping them in lower level positions. Refusing to take on these assignments may also hurt the employee by labeling them as noncooperative.<sup>[65]</sup>

Studies indicate that ethnic minorities are less likely to experience a satisfying work environment. One study found that Black employees were more likely to be absent from work compared to Caucasians, but this trend existed only in organizations viewed as not valuing diversity.<sup>[66]</sup> Similarly, among Black employees, the perception that the organization did not value diversity was related to higher levels of turnover.<sup>[67]</sup> Another study found that perceived race discrimination resulted in lower commitment to the organization, but this relationship was weaker when employees felt that the organization was taking steps to be supportive of diversity.<sup>[68]</sup>

Unconscious biases and racial profiling are harmful to employees, businesses, and societies. In 2018, Starbucks was in national news as a result of such biases. A store manager in Philadelphia asked two Black men to leave the store as they had not ordered anything (they were waiting for a friend). When they refused to leave, the manager called the police, which resulted in the arrest of the individuals. Following the public outcry, Starbucks apologized and closed more than 8,000 stores to provide its employees with unconscious bias training. One training by itself is unlikely to prevent such incidents from happening, but this incident powerfully displays the harm and unfairness that can be caused by biases. The year 2020 saw widespread protests of racial injustice following the killing of George Floyd under police custody, spurring businesses to make public commitments to examine hiring, management, and reward policies, and to make improvements.<sup>[69]</sup> For example, Microsoft committed \$150 million to diversity initiatives, and set a goal to double the number of Black employees by 2025.<sup>[70]</sup>

## Age Diversity in the Workplace

Older employees tend to be reliable and committed employees who often perform at comparable or higher levels than younger workers.

The workforce is rapidly aging. By 2024, those who are age 55 and older are estimated to constitute 25% of the workforce in the United States. The same trend seems to be occurring elsewhere in the world. Further, by the same date, the fastest growing labor participation rate is expected to be those 65 and older.<sup>[71]</sup> These changes signal that the age diversity of the workforce is expected to increase.

What happens to work performance as employees get older? Research shows that age is correlated with a number of positive workplace behaviors, including higher levels of citizenship behaviors such as volunteering, higher compliance with safety rules, lower work injuries, lower counterproductive behaviors, and lower rates of tardiness or absenteeism.<sup>[72]</sup> Despite their positive workplace behaviors, employees who are older often have to deal with age-related stereotypes at work. For example, a review of a large number of studies showed that those between 17 and 29 years of age tend to rate older employees more negatively, while younger employees were viewed as more qualified and having higher potential.<sup>[73]</sup> However, these stereotypes have been largely refuted by research.<sup>[74]</sup> Another review showed that stereotypes about older employees—they perform on a lower level, they are less able to handle stress, or their performance declines with age—are simply inaccurate.<sup>[75]</sup> The problem with these stereotypes is that they may discourage older workers from remaining in the workforce or may act as a barrier to their being hired in the first place. The results of the accumulated body of research suggests that there are either no differences in performance based on age, or in some cases the relationship is positive, which means that age-related stereotypes have little to no support.<sup>[76]</sup>

In the United States, age discrimination is prohibited by the Age Discrimination in Employment Act of 1967, which makes it illegal for organizations to discriminate against employees over 40 years of age. Still, age discrimination is prevalent. For example, in 2018, two United Airlines employees were awarded \$800,000 in a wrongful termination lawsuit involving age discrimination. The employees were fired for not wearing an apron and watching their iPad for 15 minutes, but the jury believed that these reasons were pretext and age of the employees motivated the termination.<sup>[77]</sup>

Age diversity within a team can actually lead to higher team performance. In a simulation, teams with higher age diversity were able to think of different possibilities and diverse actions, leading to higher performance for the teams.<sup>[78]</sup> At the same time, managing a team with age diversity may be challenging because different age groups seem to have different opinions about what is fair treatment, leading to different perceptions of organizational justice.<sup>[79]</sup> Organizations that are age inclusive and manage to develop cultures that respect and support age diversity and the needs of employees of different age groups reap benefits in the form of greater levels of job satisfaction, organizational commitment, and motivation to continue working past the retirement age.<sup>[80]</sup>

One of the ways in which organizations may create an age-inclusive workplace is to utilize flexible work arrangements tailored to individual needs. Research has shown that the use of individualized work arrangements was most useful in reducing employee exhaustion in groups where age diversity was high. Further, organizations may create a more positive environment for older workers by providing on-the-job resources such as opportunities to utilize a variety of skills, a procedurally fair organizational climate, and supportive relationships with managers, as older workers have been shown to be more sensitive to the absence of these resources.<sup>[81]</sup>

## Religious Diversity in the Workplace

In the United States, employers are prohibited from using religion in employment decisions based on Title VII of the Civil Rights Act of 1964. Moreover, employees are required to make reasonable accommodations to ensure that employees can practice their beliefs unless doing so provides an unreasonable hardship on the employer.<sup>[82]</sup> Religious discrimination often occurs because the religion necessitates modifying the employee's schedule. For example, devout Muslim employees may want to pray five times a day with each prayer lasting 5 to 10 minutes. Some Jewish employees may

Family businesses account for 50% of the gross domestic product; 60% of U.S. employment and 35% of Fortune 500 firms are family controlled. Around the world, in many family-owned businesses, different generations work together.

want to take off Yom Kippur and Rosh Hashanah, although these days are not always recognized as holidays in the United States. These situations pit employers' concerns for productivity against employees' desires to fulfill religious obligations.

Accommodating someone's religious preferences may also require companies to relax their dress code to take into account religious practices such as wearing a turban for Sikhs or covering one's hair with a scarf for Muslim women. In these cases, what matters most is that the company makes a good faith attempt to accommodate the employee. Further, organizations should avoid requiring employees to participate in religious practices such as prayer meetings or religious discussions. Forcing employees to participate in a religious activity is illegal. In 2018, United Health Programs, an insurance and employee benefits services company, was sued for requiring employees to follow a "Harnessing Happiness" system involving prayers, religious workshops, and ritual spiritual cleansing. Harnessing Happiness is considered a religion, and therefore in the resulting lawsuit, the company was ordered to stop these practices and pay \$5.1 million to former and current employees who brought the lawsuit.<sup>[83]</sup>

## Employees with Disabilities in the Workplace

Employees with a wide range of physical and mental disabilities are part of the workforce. The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination in employment against individuals with physical as well as mental disabilities if these individuals are otherwise qualified to do their jobs with or without reasonable accommodation. For example, for a job that requires frequently talking over the phone, an organization may receive a job application from a candidate with partial hearing loss. With the help of a telephone amplifier, which costs less than \$50, the employee will be able to perform the job; therefore, the company cannot use the hearing loss as a reason not to hire the person, again, as long as the employee is otherwise qualified. Even when a disability has no bearing on job performance, it may constitute a barrier that harms the employee. For example, applicants with disabilities experience more barriers in hiring. In one experiment, researchers sent identical résumés to accounting jobs. Of the cover letters, 1/3 mentioned that the applicant had a spinal cord injury, 1/3 noted that the applicant had Asperger's syndrome, and 1/3 mentioned neither. The résumés that mentioned the spinal cord injury and Asperger's syndrome on average received 26% fewer expressions of employer interest.<sup>[84]</sup> After being hired, employees with disabilities are more likely to be stereotyped, locked into dead-end jobs, and employed in jobs that require substantially lower skills and qualifications than they possess. They also are more likely to quit their jobs.<sup>[85]</sup>

What can organizations do to create a more inclusive work environment for employees with disabilities? A climate of inclusiveness was shown to be useful in neutralizing the negative effects of being different from one's manager with regards to disability status.<sup>[86]</sup> Therefore, fostering a climate of inclusion is important. Legally, when an employee brings up a disability, the organization should consider reasonable accommodations. This may include modifying the employee's schedule and reassigning some nonessential job functions. Organizations that offer flexible work hours may also make it easier for employees with disabilities to be more effective. Finally, supportive relationships with others seem to be the key for making these employees feel at home. Having an understanding boss and an effective relationship with supervisors is particularly important for employees with disabilities. Because the visible differences between individuals may unconsciously act as an initial barrier against developing rapport, creating systems that facilitate relation development opportunities may be beneficial.<sup>[87]</sup>