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Editor

University of North Dakota

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TABLE OF CONTENTS

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Connie Rae Bateman
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EMPLOYEE-FRIENDLY COMPANIES AND WORK-LIFE BALANCE: IS THERE AN IMPACT ON FINANCIAL PERFORMANCE AND RISK LEVEL?

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ABSTRACT

Companies and individuals are increasingly concerned about employee-friendly work environments and work-life balance. Past research shows that employee-friendly work environments and particularly work-life balance contribute to employee satisfaction. The present study addresses two important related research questions. First, while employee-friendly companies may have greater worker satisfaction, do employee-friendly companies have superior financial performance? Second, do employee-friendly companies have lower levels of risk? Results of our analysis indicate that employee-friendly companies, compared to other companies, do indeed have better financial performance and lower risk levels. This is an important finding, as it affirms corporate efforts to offer employee-friendly work environments, including facilitating work-life balance for employees. Such efforts pay off, not only with worker satisfaction, as demonstrated in prior studies, but also as shown in this study, with improved company financial performance and risk level.

Key words: employee-friendly, work-life balance, financial performance, risk

INTRODUCTION

Companies and individuals are increasingly concerned about employee-friendly work environments and work-life balance. Work-life balance refers to how people allocate time between their jobs and other pursuits, such as family, hobbies, and community involvement. Facilitating work-life balance is regarded as a critical factor in employee-friendly work environments. Finding a balance between career and personal life is a challenge for people in every field of work. Past research shows that a healthy work-life balance positively affects job satisfaction, job performance, and ethical decision-making (Smith et al., 2011; Smith, 2010; Meyer, 2007; Bloom et al., 2006; AICPA, 2003; AICPA, 2007).

There is a lack of empirical research examining whether companies that are employee-friendly and that facilitate work-life balance will have better financial performance than other companies. In addition, since work-life balance leads to ethical decision-making, we anticipate that these companies will also be less risky to investors, as the companies are less likely to violate laws and regulations, be involved in litigation, or experience employee theft and fraud. The purpose of this study is to evaluate companies identified as employee-friendly regarding their financial performance and level of risk. Results of this study will make an important contribution by advancing knowledge of employee-friendliness and its relationship to corporate financial performance and risk level.

RESEARCH QUESTIONS

The focus of this study concerns the benefits companies gain from having employee-friendly policies (e.g. facilitating work-life balance). Specifically, we explore the financial performance and risk reduction that employee-friendly policies may engender. Our research questions are as follows:

RQ1 Do employee-friendly companies have superior financial performance?

RQ2 Are employee-friendly companies less risky?

REVIEW OF PRIOR LITERATURE

Many companies are being recognized for their efforts to provide work-life balance and be worker-friendly. Such companies garner public recognition. For example, the Working Mother 100 Best Companies are described as knowing 'what it takes to keep their employee moms productive and engaged both at work and at home' (Working Mother, 2012a; Working Mother, 2012b). Another example is CNN's '100 Best Companies to Work For' which identifies companies where employees feel 'encouraged to balance their work and personal life' (CNN, 2012).

There are many aspects of what makes a company a good place to work. Of course, compensation and benefits such as health plans are important. However, these are only the starting point. Employees today are also very concerned about work-life balance. Companies that offer programs, such as flexible-work arrangement, that facilitate work-life balance are held in high regard (Blazovich et al., 2012; Kanter, 2012; Gilbert, 2011; Smith et al., 2011; Smith, 2010). Work-life balance concerns the distribution of a person's time between career-related and other activities. Those companies that offer employees ways to attain work-life balance do this in a number of ways, such as by offering telecommuting options, part-time work, and special summer or holiday hours. These companies are generally recognized as employee-friendly.

Among theoretical motivations that help explain people's efforts to attain work-life balance are Maslow's hierarchy theory and McClelland's motivational needs theory (Smith et al., 2011; Morgan, 2007; Grey & Antonacopoulou, 2004; Roberts, 1994). Maslow's is perhaps the most well-known theory of motivation; the major tenet is that only unsatisfied needs influence behavior, satisfied needs do not. Focus on work alone will be inadequate to attain complete satisfaction with life; consequently, a healthy work-life balance is needed. At the same time, McClelland's motivational needs theory addresses the need for affiliation, which leads to building personal relationships, including those beyond the work environment, such as family and home.

The term 'work-life balance' can be traced back to 1986. During recent decades, the amount of time spent at work has markedly increased. At one time, some experts predicted that advances in technology would make employees significantly more productive, and consequently, employees would have more time for non-work activities. The reality is the opposite. In the US and other countries around the globe, a consumerist culture seems to drive a culture that esteems productivity while it denigrates the value of other pursuits, such as child-rearing or donating time to service activities (Smith et al., 2011).

Research has attempted to address whether work-life balance contributes to job performance and employee well-being. Studies have evaluated ethical issues concerning implementation of work-life balance policies in the workplace (Frame & Hartog, 2003). Massive media attention focused on a study by Deloitte & Touche, a Big Four accounting firm, which showed a connection between work-life balance and ethical behavior (cf., Schurr, 2007; AFP, 2007; Meyer, 2007). According to this study, 91% of employees surveyed indicated that workers are more likely to act ethically if they have a good work-life balance. The chairman of the board at Deloitte & Touche, Sharon Allen, provides the following reason for the connection between ethics and work-life balance:

If someone invests in all of their time and energy into their jobs, it may have the unintended consequence of making them depend on their jobs for everything – including their sense of personal worth. This makes it even harder to make a good choice when faced with an ethical dilemma if they believe it will impact professional success (Schurr, 2007).

A number of studies have considered the connection between work-life balance and productivity. For example, Bloom and Reenen (2006) examine whether "Anglo-Saxon" management practices and higher levels of product-market competition generate greater productivity but at the expense of employees' work-life balance. Their results, based on a survey of 732 medium sized manufacturing companies in the US, France, Germany, and the UK, show that improved work-life balance outcomes are correlated with better management; thus, well run firms are both more productive and better for their employees. On the other hand, research by White et al. (2003) finds incongruity between high-performance practices and work-life balance. Their study used data from national surveys of British workers in 1992 and 2000.

There are a number of factors connected to work-life balance. The matter of work-life balance is complex for the simple fact that people are complex. Due to its complexity, there is not one simple and universal solution to the problem of attaining work-life balance. Past research on work-life balance by has examined factors such as (1) spending quality time with members of family; (2) enabling relaxation in free time; (3) emotional health and well-being of family members; (4) high quality communication and support; (5) quality child care and education; (6) contentment with work and work load at home (Karakas & Lee, 2004).

Research by Anxo et al. (2007) analyzed gender differences in the apportionment of time between market work, domestic work and leisure over the life-cycle. In this study, nine key cross-country comparable life stages were distinguished based on age and family structure such as exiting parental home, union formation, parenthood, and work retirement. Regression techniques (Tobit with selection, Tobit and OLS) were employed that identified large discrepancies in the gender division of labor in France, Italy, Sweden, and the United States.

Allocating time between work and home is a problem encountered by numerous professionals. This is the case for accounting, business management, law, medicine, and other professions. Pertaining to the legal profession, law firm partner Lauren Rikleen recounts career dissatisfaction and unsustainable personal sacrifice intrinsic in current law firm structure, and describes how this problem is more intense for females (Muir, 2006). Regarding the accounting field, such work-life balance challenges may help explain the lower proportion of women who achieve the partner level in accounting firms (AICPA, 2003). Desiring a different work-life balance may be a factor in the lower proportion of women in accounting higher education (Feucht et al., 2009).

Some research suggests that fathers in Generation X, ages 25 to 40, are prioritizing family time in a way that indicates a notable shift from prior generations, particularly concerning time with their children. To attain family-life goals, some men are choosing to forego pay, adjust job travel, and refuse job relocations. Generation X fathers put in an hour per day more in their children’s lives than fathers of the prior generation. One Florida-based CPA stated that he was motivated by the Harry Chapin song, "Cat’s in the Cradle." As a result, he arranged to arrive later to work; thereby he could dress his youngest daughter, prepare her breakfast, and take her to school each day. While this meant he had to work later, he regarded the trade-off as worth the cost (Goodman, 2005).

Research on work-life balance has shown its importance to both men and women. A global survey of 60,000 IBM employees found that men and women employees both wrestle with work-life balance. As a result, a Men’s Diversity Network Group was set up by the company to assist male employees to be more productive at work. Yet, in a group setting, men avoided discussions concerning work-life balance. The men were concerned that being open about focus on family would be regarded as a weakness or lack of devotion to their job. On the other hand, women were more open regarding work-life matters and more likely to ask for and be given flexible work arrangements (Goodman, 2005).

Past research suggests that corporate policies that are regarded as employee-friendly, notably those that facilitate work-life balance, will enhance worker job satisfaction, thereby leading to higher worker productivity (cf., Bloom & Reenen, 2006). However, there is no conclusive empirical study showing the link from employee-friendly policies and corporate financial performance. Consequently, the motivation is provided for undertaking the current study.

METHODOLOGY

Sample Selection

To test our research questions we use an external measure to identify employee-friendly firms, namely the list of the '100 Best Companies to Work For,' published by *Fortune* magazine each February. *Fortune*, in partnership with the Great Place to Work Institute (GPWI), annually computes employee-friendly scores based on employee and management surveys *(*Levering & Moskowitz, 2012*).* Of the 700 firm-years on the *Fortune* lists during 2006 through 2012, 289 are publicly-held companies for which data are available for 271 firm-years (76 unique firms). We obtain all additional data from Compustat North America Fundamentals Annual database (Compustat, 2012).

Combining the '100 Best' list and Compustat data, we create two datasets for our analysis. The larger 'full dataset' consists of the 271 list firms (76 unique firms), as well as, all other firms in Compustat during our sample period. The smaller 'match pair dataset' includes the 271 list firms (76 unique firms) and their control firms.

With year, industry (two-digit SIC code), and size (total assets) as criterion, we match each of the 271 firms to control firms. *Fortune's* list generation methodology includes a lag. For example, *Fortune* announces the 2012 list in February, 2012; firms on the 2012 list are identified in 2011 based on 2010 data. Consistent with *Fortune's* methodology, 2010 financial data is used to match 2012 list firms to control firms.

Methodology

To ensure results are not dependent on empirical method choice, both research questions are tested three ways. We use the larger 'full dataset' for the initial two tests; we then use the smaller 'match pair dataset' for the final test. In our first analysis we use Student t-tests (Wilcoxon signed-rank tests) to compare the mean (median) performance and risk of employee-friendly list firms to all other firms in Compustat.

In the second analysis employee-friendly list firms are compared to industry benchmarks using Student t-tests and Wilcoxon signed-rank tests. Using two-digit SIC industry groups to identify industry membership, we define the industry benchmark as the median of each measure calculated using all firms in the industry for which Compustat data are available that year. To test our research questions, we subtract the industry benchmark from the firm's measure. Thus, our median-industry-adjusted variables measure how much the list firm's measure differs from the median value of all other firms within their industry. Finally, utilizing the 'match pair dataset,' we compare the performance and risk of list firms to their control firms using paired t-tests. Recall, control firms are chosen based on year, industry, and size, as measured by total assets.

Data

For our first research question, do employee-friendly firms experience financial superiority, we examine multiple financial performance measures, including sales divided by total assets, return on total assets (computed as net income divided by total assets), return on equity (computed as net income divided by total equity), and market value of equity (computed as stock price per share multiplied by total number of shares outstanding) (Blazovich & Smith, 2011).

To address our second research question, are employee-friendly firms less risky, we test several common accounting-based risk measures (Blazovich & Smith, 2011). Ascertaining a firm's riskiness or cost of capital by analyzing only one metric is questionable (Easton, 2003); however, collectively the three risk measures we examine provide a composite picture of a firm's overall riskiness. The three risk measures we examine include: (a) two balance-sheet liquidity measures, current ratio (computed as current assets divided by current liabilities) and leverage (computed as long-term debt divided by assets); and (b) the Altman-Z score, a credit score calculated as follows (Altman, 2000):

$$Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + X5 \qquad (1)$$

where X_1 is working capital to total assets, X_2 is retained earnings to total assets, X_3 is earnings before interest and taxes to total assets, X_4 is total equity to total debt, and X_5 is sales to total assets. The Altman Z-score is commonly used to predict bankruptcy and cost of debt issuances (Grice & Ingram, 2001; Altman, 2000) and decreases with the overall risk of the firm.

RESULTS

Sample Description

Exhibit 1 provides descriptive data about the 'full dataset' which includes both the 271 employee-friendly list firms and all other firms in Compustat for the same period. Recall that to create the list published in February of any given year *Fortune* compiles information about the firm from the annual report two years prior. Thus, the time lag between *Fortune* analysis and list-publication is between 15 and 21 months. For parity with the *Fortune* methodology, we include data from the annual report two years prior to the firm's inclusion on the list. As such for list years 2006 to 2012 we report data for years 2004 through 2010.

Exhibit 1
SAMPLE DATA DEMOGRAPHICS

Panel A: Number of firms by year

Year	Number of list firms	Number of other firms in Compustat
2004	41	8,516
2005	43	8,381
2006	40	8,347
2007	37	8,219
2008	38	7,815
2009	36	7,569
2010	36	7,504
Total	271	56,351

Panel B: Industry representation during the period 2004 to 2010

Industry Description	Two-digit SIC Codes	Percentage of firms on list	Percentage of all firms in Compustat
Agriculture, Forestry & Fishing	01 - 09	0.4%	0.3%
Mining	10 - 14	4.1%	11.7%
Construction	15 - 17	1.8%	0.8%
Manufacturing	20 - 39	34.7%	35.8%
Electric, Gas & Sanitary Services	40 - 49	1.5%	8.6%
Wholesale Trade	50 - 51	0.4%	2.5%
Retail Trade	52 - 59	13.7%	4.3%
Finance, Insurance & Real Estate	60 - 67	15.5%	19.5%
Services	70 - 89	28.0%	14.9%
Public Administration	91 - 99	0.0%	1.6%
Total		100.0%	100.0%

Panel A of Exhibit 1 lists the number of observation by match year for both the employee-friendly list firms and all other firms in Compustat. Although the number of observations in each subsample decreases per year, no one year dominates the sample. The portion of employee-friendly list firms by year is similar to the portion of all other firms in Compustat by year.

The industry membership of both the 271 employee-friendly list firms and all other firms in Compustat is shown in Panel B of Exhibit 1. Employee-friendly list firms represent a broad cross-section of firms with the largest number in the 'manufacturing' and 'service' industries. Compared to the population of firms in Compustat, employee-friendly list firms under-represent the 'mining,' 'electric, gas & sanitary services,' and 'finance, insurance & real estate' industries and over-represent the 'retail trade,' and 'service' industries.

Tests of Research Question 1

To test Research Question 1, do employee-friendly firms outperform other firms, we examine several dimensions of performance, specifically market value of equity, return on assets, return on equity, and sales divided by total assets. We evaluate each performance measure three ways. Using the 'full dataset' and Student t-tests we compare the mean performance of employee-friendly list firms to all other firms in Compustat. As shown in Exhibit 2, the results demonstrate that employee-friendly list firms have higher market value of equity ($p < 0.05$) and better return on assets ($p < 0.05$) than other publically traded companies. We find no return on equity or sales by assets difference between the employee-friendly list firms and all other firms in Compustat. However, using Wilcoxon signed-rank tests we find the median performance of employee-friendly list firms is stronger than that of all other firms in Compustat on all four measures of performance.

Our second test of research question 1 examines median-adjusted performance measures. Using Student t-tests (Wilcoxon signed-rank tests) we assess whether the median-adjusted measures are statistically different from zero in the appropriate direction. Three of our four median industry-adjusted performance measures are significantly higher than zero, indicating that employee-friendly list firms are more profitable than the median firm in their industry, as shown in Exhibit 2. Specifically, list firms have higher market value of equity, superior return on assets and better return on equity (for each, $p < 0.05$). The data shows no difference between list and non-list firms for the sales to asset ratio.

As a last test of research question 1, we compare the mean (median) performance measures of employee-friendly list firms to the mean (median) performance measures of their control firms. Exhibit 3 presents the results.

Consistent with our matching process, mean assets do not differ significantly between the list and control firms. We find the performance of employee-friendly firms is better than that of the control firms for three of our four performance measures. When compared to control firms, list firms have superior market value of equity, higher return on assets, and better return on equity (for each, $p < 0.05$). However, we find no difference in their sales to asset ratios. This third test's results are consistent with the results of our second empirical test. Taken together the results of all three tests support a positive answer to research question 1. Employee-friendly firms outperform other firms.

Exhibit 2
HYPOTHESES TESTING
COMPARING LIST FIRMS TO ALL OTHER FIRMS IN COMPUSTAT.
COMPARING MEDIAN-INDUSTRY-ADJUSTED LIST FIRMS TO ZERO.

	All other firms unadjusted variables					List firms unadjusted variables			Median-industry-adjusted list firms variables				
	Mean		Median		Quantity	Mean	Median	Quantity	Mean		Median		Quantity
Research Question 1													
Market Value of Equity	3,088.57	*	177.13	*	56,213	35,645.92	15,340.89	271	35,210.60	†	14,874.65	†	271
Return on Assets	-4.648	*	0.010	*	55,908	0.063	0.091	271	0.061	†	0.073	†	271
Return on Equity	-0.108		0.081	*	55,887	0.217	0.223	271	0.125	†	0.116	†	271
Sales_to_Assets	1.182		0.646	*	51,303	0.947	0.732	271	0.052		-0.020	†	271
Research Question 2													
Current ratio	5.122	*	1.849		46,173	2.294	1.819	224	0.419	†	0.019	†	224
Debt to Assets	0.433	*	0.157	*	39,331	0.156	0.116	208	0.010		-0.034	†	208
Altman Z-score	-70.389	*	2.569	*	42,773	7.119	5.219	200	4.369	†	2.454	†	200

Unadjusted variables are defined as follows:
Market value of equity = Price per share x Shares outstanding
Return on assets = Net income / Total assets
Return on equtiy = Net Income / Total equity
Sales to assets = Sales / Total assets
Current ratio = Total current assets / Total current liabilities
Debt to assets = Total long-term debt / Total assets
Altman Z-score = (1.2 × X1) + (1.4 × X2) + (3.3 × X3) + (0.6 × X4) + (0.999 × X5)
X1 = (Total current assets – Total current liabilities) / Total assets; X2 = Retained earnings / Total assets
X3 = Earnings before interest and taxes / Total assets; X4 = (Price per share × Shares outstanding) / Total liabilities; X5 = Sales / Total assets

Industry-adjusted variables are defined as the unadjusted variable less median measure for variable calculated by year, across all firms in the list firm's two-digit SIC code.
* Mean (or median) for list firms is significantly different than mean (or median) for control firms at p = 0.05 or better using a two-tailed student t-test (Wilcoxon signed-rank test).
† Mean (or median) is significantly different than zero in the predicted direction at p = 0.05 or better using a one-tailed student t-test (Wilcoxon signed-rank test).

Tests of Research Question 2

We test Research Question 2, that employee-friendly firms are less risky than other firms, by analyzing three dimensions of risk, namely current ratio, leverage, and the Altman-Z score. Our data analysis for Research Question 2 parallels the methods used to answer research question 1. Again, we use Student t-tests (Wilcoxon signed-rank tests) to compare the mean (median) performance of employee-friendly list firms to all other firms in Compustat. We use Student t-tests and Wilcoxon signed-rank tests to assess whether the median-adjusted performance measures are statistically different from zero in the appropriate directions. Lastly, we compare the mean performance measures of employee-friendly list firms to their control firms.

Exhibit 3
HYPOTHESES TESTING – COMPARING LIST FORMS TO CONTROL FIRMS

	List firms[a] unadjusted variables					Control firms[b] unadjusted variables	
	Mean		**Median**		**Quantity**	**Mean**	**Median**
Confirm Matches are Similar							
Total Assets	52,537.51		8,166.65		267	50,599.16	7,249.86
Research Question 1							
Market Value of Equity	35,765.20	*	15,241.03	*	267	16,809.78	6,143.46
Return on Assets	0.063	*	0.090	*	268	0.004	0.035
Return on Equity	0.214	*	0.223	*	262	-0.163	0.149
Sales_to_Assets	0.929		0.728		267	0.906	0.759
Research Question 2							
Current ratio	2.301	*	1.852	*	215	1.728	1.535
Debt to Assets	0.147	*	0.116	*	191	0.224	0.179
Altman Z-score	6.797	*	4.975	*	183	0.752	3.048

Notes to Exhibit 2:

[a] These columns include the employee-friendly list firm-years.

[b] These columns include the control firm-years (matched on year, industry membership, and asset size).

Variables are defined as follows:

Market value of equity = Price per share x Shares outstanding
Return on assets = Net income / Total assets
Return on equtiy = Net Income / Total equity
Sales to assets = Sales / Total assets
Current ratio = Total current assets / Total current liabilities
Debt to assets = Total long-term debt / Total assets
Altman Z-score = (1.2 × X1) + (1.4 × X2) + (3.3 × X3) + (0.6 × X4) + (0.999 × X5).
X1 = (Total current assets – Total current liabilities) / Total assets
X2 = Retained earnings (Compustat #36)/ Total assets (Compustat #6).
X3 = Earnings before interest and taxes / Total assets
X4 = (Price per share × Shares outstanding) / Total liabilities
X5 = Sales / Total assets

As presented in Exhibit 2, compared to all other firms in Compustat, list firms have higher current ratios (mean, not median value), lower debt ratios, and higher Altman-z scores. Results of all three empirical tests suggest that employee-friendly list firms are less risky than the average firm in Compustat. Additionally, employee-friendly list firms are less risky than the median firm in their industries. Per Exhibit 2, the median industry-adjusted measures are all significantly different from zero in the correct directions. Both the current ratio and the Altman-z score are statistically greater than zero, suggesting employee-friendly firms are (a) better able to pay their current liabilities, and (b) less likely to go bankrupt, compared to the average firm within the industry. The debt ratio of employee-friendly firms is statistically lower than zero, which suggests employee-friendly firms are less leveraged than the average firm within their industry.

The comparison of employee-friendly list firms to control firms, presented in Exhibit 3, yields consistent results. Compared to the control firms, list firms have a higher current ratio (2.301 compared to 1.728). Additionally, employee-friendly list firms are less leveraged on average—both mean and median long-term debt to assets is lower for list firms. Altman Z-scores, which represent a composite risk measure, are significantly greater for list firms (6.797 compared to 0.752). Firms with higher Altman Z-scores are predicted to have less likelihood of bankruptcy. Thus, all three risk measures indicate that list firms are less risky than non-list firms. The three empirical test results on risk support a positive answer to research question 2. Employee-friendly firms are less risky than other firms.

CONCLUSIONS

This study examines the financial performance and level of risk associated with companies identified as employee-friendly. A sample of employee-friendly firms was selected from the list of the '100 Best Companies to Work For,' published by *Fortune* magazine during 2006-2012. Results indicate that the performance of employee-friendly firms is better than that of the control firms for three of four performance measures tested; specifically, employee-friendly firms have superior market value of equity, higher return on assets, and better return on equity. Given these results, we conclude that employee-friendly firms financially outperform other firms.

Regarding level of risk, findings indicate that employee-friendly firms are less risky than other firms. Three dimensions of risk were tested, namely current ratio, leverage, and the Altman-Z score. Employee-friendly firms have a higher current ratio, are less leveraged on average (lower ratio of long-term debt to assets), and have higher Altman Z-scores. The Altman Z-score, which represents a composite risk measure, are significantly greater for list firms (6.797 compared to 0.752). Higher Altman Z-scores indicate that companies have lower likelihood of bankruptcy.

LIMITATIONS AND FUTURE RESEARCH

This study was limited to a sample of employee-friendly firms identified on the list of the '100 Best Companies to Work For,' published by *Fortune* magazine during 2006-2012. Findings of the study are limited and generalizable to the extent that these sample firms are representative of all employee-friendly firms. The study was also limited to the years 2006-2012. Future studies might include other firms from other lists and include additional years.

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DOUBLE MORAL HAZARD AND FRANCHISING: A DUAL CASE STUDY APPROACH

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ABSTRACT

The issue of double moral hazard has been neglected in the Management literature while one-sided moral hazard has only been implicitly recognized by many Agency theorists. This paper introduces the notion of double-sided moral hazard and empirically studies a typical setting for such a problem—franchising systems. Using a dual case study approach of the restaurant chains Chick-Fil-A and Schlotsky's Deli, I offer both an introduction of the concept as well as potential prescriptive measures to avoid double moral hazard especially within franchising chains.

BACKGROUND

While business franchising is a commonly known strategy, (Barthelemy 2009; Barthelemy 2011; Al Ekremi, Mignonac and Perrigot 2011) the inherent tensions between the franchisor and franchisee are less known. To many observers, franchising is a mechanism utilized by entrepreneurs in order to potentially reduce risk by acquiring the brand name and business practices of a better known firm. While sometimes true, the risk-reduction argument for buying into a franchising system may lead entrepreneurs down the path to failure. The reason for this potential derives from the incentive structure of both sides in the franchising equation, namely the original/parent company (Franchisor) and the entrepreneur who buys into the franchise system (Franchisee). In a sub-optimally designed franchise, the tension between the two sides can lead the entire system to implode.

FRANCHISING

Similar to business licensing, business franchising entails the transfer of rights from one party to another (Brown 2009). In licensing, the transfer normally includes monetary payment for the right to some asset such as a patent or copyright. In the licensing case, the party which owns the asset (Licensor) gives the legal right for another party (Licensee) to use the asset. The use is limited by the licensing agreement and can be defined as a very narrow use or a very broad use, and of course any scenario in between. A major difference between franchising and licensing is that, in the former, the franchisor is granting the right to replicate an entire business model while, in the latter, the licensor is normally granting only the use of the asset. Therefore, it is not controversial to state that franchising is a broader firm-level strategy than is licensing.

In a franchise system, there is one Franchisor but (usually) many franchisees, most of whom do not know each other personally. Therefore, the relationship is one of multiple dyads whereby the franchisor has many relationships but franchisees do not within the franchise system. There are many advantages and disadvantages to franchising to both parties including:

Table 1--Advantages and Disadvantages of Franchising

	Advantages	**Disadvantages**
Franchisor	*Geographic Expansion	*Less Control Over Operations
	*Limits Risks	*Franchisee Reputational Free-Riding
	*Captive Demand from Franchisees	*Inconsistency Between Locations
	*Greater Economies of Scale for Inputs	
Franchisee	*Brand Name Value	*Royalties are Paid from Revenues (Not Profits)
	*Decreased Learning Curve	*Higher Up Front Capital Costs
	*Streamlined Operations	*May Be Help Captive for Inputs from Franchisor

A major source of conflict between the Franchisor and the Franchisee is how each side is compensated and, therefore, incentivized. While all franchise agreements differ, there are some generalities which can be summarized:

- The franchisor charges the franchisee a Franchise Fee. The Franchise Fee is a lump sum payment due at the beginning of the relationship and allows the franchisee to take part in the franchise system.
- The franchisor charges the franchisee a royalty on gross revenue. This royalty consists of some percentage of the franchisee's gross revenues or sales.
- The franchisor charges the franchisee an advertisement fee which is a percentage of gross revenue. This fee is intended to pay for national or regional advertising which will help many or all of the franchisees.
- The franchisee is sometimes contractually obligated to purchase inputs from the franchisor. This is the case when the franchisee sells a product (such as a sandwich) but may not be present in a pure service (such as a real estate brokerage firm). This obligation is considered a type of compensation because the franchisor has the ability, to mark up the costs of these inputs from their original price.

AGENCY THEORY AND MORAL HAZARD

Agency Theory (Jensen and Meckling 1976; Fama 1980; Fama and Jensen 1983) is a well-known theory derived from problems between two parties—the Principal and the Agent. Normally, the principal will delegate some type of work to the agent such as when a firm delegates work to a manager. One way to decide which party is which is to ask which has private information about some stated issue. For example, in a corporation, since managers have more information about the daily operations of the company, a manager is an agent while the shareholders, who have less information and do not have daily control over the corporation, are principals. The main concern in the Principal-Agent relationship is the divergence of goals between the two parties, which is called goal incongruence (Eisenhardt 1989). Since the two parties need to be better aligned than they may naturally be, the Principal has a problem (labeled the Principal-Agent Problem or P-A Problem for short).

In the P-A Problem, the Principal needs to maximize his or her profit knowing that the Agent may have a different goal. Why would the agent have a different goal? In our corporate example, the shareholder's goal is to maximize profit. However, the manager's goal may be quite different. The manager, according to the behavioral assumptions of the theory, will not only serve himself first but will do so to the detriment of the shareholders who he is working for. Think of the following example: A manager is paid a salary at a corporation and has to perform well in order for the firm to perform well financially. If the salary is significant and the compensation consists only of a guaranteed paycheck, then why would the manager work any harder than he or she needs to? The answer is that he or she will not according to Agency Theory.

The Principal's goal, or the solution to the Principal's Problem, is to figure out a way to induce the extra effort that is needed to make the firm successful. There are two ways which this can be done—monitoring and incentives. Monitoring entails the watching over of managers to ensure that they (both individually and collectively) work at full capacity. However, monitoring is normally both cost and time prohibitive. Therefore, implementing an incentive structure has become the norm within business relationships. As an example of how an incentive mechanism works within a corporation, I return to our manager from above.

Since there is some positive (non-zero) probability that the manager will not exert his or her full effort, the firm designs a structure whereby the manager is compensated in two parts: one through a fixed salary and another through a variable compensation structure. The salary portion is lower than it may otherwise be but the variable portion can allow the manager to make significant income if certain events come to fruition. In this sense, and without cost prohibitive monitoring, the manager is induced to exert effort which has two results. The first result is that the manager has the ability to earn significantly more income than in the case where he or she received only a fixed salary. The second result is that since the manager's compensation is tied to firm performance, this mechanism reduces the goal incongruence (i.e. the agency problem) between the two parties. Theoretically, the result is that aggregated management effort exertion will lead to higher firm performance, which benefits all in the scenario.

MORAL HAZARD AND DOUBLE MORAL HAZARD

What is moral hazard? The problem of moral hazard derives from the fact that an agent's effort level is not fully observable. In the case of a manager, since the firm cannot fully observe his or her effort, the compensation structure discussed in the last section is a way to reduce the problem of moral hazard. In the corporate world, moral hazard is one-sided meaning that it is easy to discern who is the principal and who is the agent and, therefore, it is only the agent's actions which matter. In a sense, most moral hazard problems contain a principal who is fixed and an agent who has variability. In a firm, for example, shareholders do not have to exert effort and, therefore, cannot be the subject of the moral hazard problem.

What is double moral hazard? Double moral hazard (Wimmer and Garen 1997; Berkovitch, Israel and Spiegel 2010) is the same phenomenon as moral hazard with one major exception. In a double moral hazard problem, both sides have to exert effort which matters to the value proposition of the relationship. While there are not many examples of such contexts in the business literature, one such example is that of the Venture Capital-Entrepreneur Relationship. In this dyad, a venture capitalist not only infuses a new business with capital but also leverages its partners' experience and networks in order to add value to the new firm. As a comparison between the two variations of moral hazard, if an entrepreneur borrows funds from a traditional bank, then the bank need not exert effort after the loan is dispersed in order to perform its goals. On the other hand, if the same entrepreneur obtains capital from a venture capitalist, both sides must exert effort in order for value creation to be maximized.

DOUBLE MORAL HAZARD IN FRANCHISE SYSTEMS

Another context where double moral hazard is prevalent is in franchising systems because the system itself depends on the joint efforts of the franchisor and the individual franchisees. What types of effort must be exerted by each? Franchisors must exert effort with respect to its reputation and brand value, both of which are extremely valuable to current and potential franchisees. Additionally, franchisors exert effort in diminishing the learning curve of franchisees by putting into place processes that make the system more efficient. An example of this is at McDonald's, which streamlines the production of its cooked products so that franchisees are able to sell, at a profit, its products. Franchisees must exert effort continuously by maintaining the reputation and brand value that the franchisor has earned as well as adding value to the franchise system. As opposed to other exchange relationships, that of the franchisor and franchisee is a joint effort relationship whereby the joint payout to each participant is higher if both exert maximal effort. In this relationship, the franchisor is clearly not a fixed principal and must put forth effort for the system to work. Therefore, both parties are agents and principals simultaneously due to the fact that each has private information with respect to certain relational aspects.

METHODOLOGY: DUAL CASES STUDIES

Since this analysis is concerned with double moral hazard, it is of course important to analyze a system in which this is prevalent. Franchise systems were chosen because they intuitively meet the criteria for double moral hazard. The specific method used is a dyadic case study of two franchise systems, one of which flourished and one which failed. Franchising has been extensively researched in multiple literatures including economics, marketing, entrepreneurship and strategic management.

Case I: Chick-Fil-A

Founded in 1946 by S. Truett Cathy, Chick-Fil-A is the second largest chicken-based fast food operator in the United States. Since its founding, the company has been controlled by the Cathy family with the original founder serving as Chairman of the Board of Directors and Chief Executive Officer (CEO) and his son, Daniel T. Cathy, serving as President and Chief Operating Officer (COO). The firm operates franchises through the use of three store types—shopping malls, stand-alone stores, and drive thru only stores. As of the end of 2009, there were over 1,600 Chick-Fil-A franchises in 38 states with Texas, North Carolina and Georgia containing the highest number of units. Its marketing campaign utilizes cows with signs telling the public to "eat more chicken (See Figure 3)"

Chick-Fil-A operates in a highly competitive environment of the fast food industry. While its most direct competitor is Kentucky Fried Chicken due to the similarities in product, other fast food operators such as Wendy's, Burger King, and McDonalds also compete for the same fast food dollar from the U.S. consumer. The fast food service industry is fragmented with multiple large chain operators competing alongside smaller chains, pizza shops, and other food establishments. Chick-Fil-A, however, has thrived in the 42 years since it became a chain store operator claiming that it has had system-wide sales growth every year since. In Fiscal 2009, the company had system-wide sales of nearly $3 Billion dollars or approximately $1.875 Million per unit. In fact, the company is slightly larger than rivals Wendy's and Burger King, in both revenues and employees, yet almost 10 times smaller than McDonalds.

Even more impressive than its sales growth is both the selection and retention rates that Chick-Fil-A enjoys with its franchisees. As recently as 2009, executives claim that the firm rejects 24 out of 25 applicants and that financial background is often not an issue for many whom are rejected. While it is difficult to gather information on selection rates from all competing firms, many company websites stress the financial criteria for franchise ownership signaling that other criteria may be of less importance. The heavy screening of potential franchisees also leads to high operator retention with over 96 percent of operators being retained and many active operators staying with the company for over 20 years.

The aforementioned facts and figures, however, are outcomes of the firm's success. While these outcomes are important, antecedent conditions are even more so. Chick-Fil-A has a nontraditional approach to operating a franchise system in the context of several major business processes:

Capital Structure

Chick-Fil-A has grown at an above average rate over the past four decades without the need for corporate debt. Operations are funded only through cash generation since the firm is not publicly traded.

Franchisor-Franchisee Compensation

One of the most innovative business processes employed at Chick-Fil-A is the mechanism designed for franchisor compensation. Most franchisees in other franchising systems incur the following expenses: 1) Capital expenditures for equipment, construction and leases, 2) an upfront fixed franchise fee to the franchisor, and 3) a royalty payment to the franchisor based on revenues which is typically between 8 and 11 percent. Chick-Fil-A, on the other hand, has a different scheme. Chick-Fil-A corporate purchases the land and incurs the construction costs of all locations and then leases the property to the franchisee for $5,000 per month (2010 figures). Next, franchisees compensate Chick-Fil-A corporate through a $5,000 upfront payment as well as a 15 percent royalty plus 50 percent of net profits.

Operating Hours

Chick-Fil-A operators must, contractually, close their stores every Sunday. Not only is this a differing practice amongst its direct competitors, it is nearly unheard of as a practice in any industry. Despite the fact that Chick-Fil-A is closed on Sundays, the company boasts of per-unit sales higher than major competitors Burger King and McDonalds. This metric is on an annualized basis meaning that it incorporates the missed day for Chick-Fil-A operators. Therefore, another way to interpret this measure is that Chick-Fil-A's daily sales (for days that they are actually open) are more than 20 percent higher than the industry's top competitors. In a 2006 interview, Cathy is quoted as saying that being closed on Sundays was the best business decision he ever made. His reasoning is that by giving operators and employees a forced day off to be with family, workers are happier and more productive as well as more loyal to the company that has such a policy.

Spiritual Basis

As a devout Southern Baptist, S. Truett Cathy has built his fast food empire around his religious beliefs. In reviewing potential applicants, their values become part of their "application" which are just as important, or maybe more so, than other criteria. Training for operators is intense, lasting more than a year, and includes retreats and prayer sessions. While the company claims not to have a bias against non-Christian operators, this has been disputed by several actual and potential applicants.

Cathy's stated corporate purpose is "to glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come in contact with Chick-Fil-A (2009 Chick-Fil-A Corporate Message)." While being religious is not uncommon among business leaders, Chick-Fil-A's inundation of Christian beliefs as an integral part of the corporate structure and culture, may be considered to be. As part of its contract with operators, the parent and franchisees have mandatory retreats some of which last up to two weeks. These retreats serve two purposes, one relating to business practices and one relating to more spiritual matters. These matters need not be religious per se but also concern community involvement and charity events all which, however, flow from the religious beliefs of the founder. In selecting potential franchisees, one specific criteria is that operators are expected to abide by biblical values, which is extremely uncommon.

Case Study II: Schlotsky's Deli

While Chick-Fil-A has thrived in an extremely competitive landscape, the story of another food service franchise system—Schlotsky's Deli--runs counter. In a 2004 interview, a franchisee from Orangeburg, South Carolina was quoted as saying, "In the big picture they (Schlotzsky's) have not given us the support they had previously….I have not seen anybody in the corporate staff in three years. They are not spending marketing money in this area." Two years earlier, a franchisee in Nebraska claimed in an arbitration complaint, that Schlotsky's had retaliated against them for refusing to open a new, turnkey store. With turmoil building up amongst its franchisees, Schlotsky's Deli which was founded in 1971, filed for Chapter 11 Bankruptcy in the summer of 2004.

Comparing Schlotsky's to Chick-Fil-A, there are some major differences noted in the data. First, the company was sold several times in its 35 year history most notably for under $3 Million in 1981. The lack of continuous ownership and leadership is evidence that the firm is seen as a mechanism for cash flows only and not as a growing and organic entity. There is a lack of a sense of community at Schlotsky's as evidenced by the two disputes which began the case. Furthermore, below is a quote by the then current President Sam Coats after the 2004 bankruptcy filing regarding the company's goals:

"…make money by selling the world's best sandwich, simplify our operation, obtain the financial resources to grow our franchise system, and make certain that our valued franchisees get the support, training, and encouragement they are entitled to receive."

Coats acknowledges franchisees but they are listed last on his list of priorities after making money and obtaining financial resources. Of course, management's task is to maximize shareholder wealth and Coats cannot be judged for wanting to earn profits. However, the lack of genuine concern for franchisees when the relationship between the parent and the operators had been so strained may be deemed to be a serious strategic error.

A second major difference between the two firms is in their capital structure. Schlotsky's Deli financed its business not only from operating cash flows but also from debt and public equity. In 1995, the company was taken public and listed on the NASDAQ. In 2004, the company listed $71 Million in liabilities in its bankruptcy filing. These additional financial pressures certainly added to its insolvency and failure and, it is evident, that the firm could not grow through cash reserves as Chick-Fil-A did.

Thirdly, the compensation of the franchisor differs. Schlotsky's franchisees have expenses that are very typical in the franchise market. First, they pay approximately $500,000 in capital expenditures. Secondly, they pay a $30,000 franchise fee to Schlotsky's. Thirdly, franchisees are required to pay a total of 10% of top-line sales to the company which is made up of a traditional royalty fee plus an advertising royalty fee.

Finally, and as evidence through disputes and litigation, there was no common bond between those that controlled the parent company and those that operated the actual stores. After its sale to Focus Brands post-bankruptcy, the company continued to operate and franchise under the Schlotsky's name. However, as before, the company still does not portray this sense of common purpose. The following text was retrieved from the company's website under the "Franchising Requirements" page:

Schlotzksy's is seeking out highly-motivated individuals for franchise opportunities who are passionate about owning their own business and creating lasting memories for their guests, as well as becoming an integral part of the community in which they serve.

The Schlotzsky's Franchise opportunity offers exclusive multi-unit development contracts for a minimum of three restaurants. The information detailed below briefly outlines the requirements for becoming a Franchise Partner with Schlotzsky's!

It's important that Schlotzsky's Franchise Partners have:

- Restaurant management experience as an owner and/or operator*
- A minimum financial net worth of $1.5 million and liquidity of $600,000 (3 store commitment financial requirement)
- Enthusiasm for the brand and business ownership

The focus is on the franchisee's experience and financial assets. While important, this is standard practice in the food-service industry as they are required by almost all franchisors. Even after the failure of the company, Schlotsky's has no policy of forming a bond between itself and its franchisees.

CONCLUSION AND DISCUSSION

This case study has illustrated the problems associated with agency issues in franchising systems. Furthermore, using empirical case study data, I have brought attention moral hazard theory, in general, and double moral hazard problems, specifically. The latter has been neglected by current scholars in management not only in discussions of franchising but also in almost all corporate contexts. Finally, I argue that double moral hazard is a major point of dysfunction in any exchange relationship in which both parties need to exert effort to achieve an optimal outcome. In the double case study presented, I included evidence of two different franchise systems which are in the same industry. In one case, Chick-Fil-A, the franchisor has ex ante mechanisms in place to combat the moral hazard problem; in the other case, Schlotsky's Deli, the opposite is true.

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INTERACTIONAL JUSTICE DIMENSIONS AND ORGANIZATIONAL TRUST: AN INVESTIGATION INTO THE MODERATING EFFECTS OF STRESS AND A THREE-WAY INTERACTION

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ABSTRACT

The three purposes of this study are: 1) to lend support to the current justice and trust literatures by determining the extent to which interactional justice dimensions - namely interpersonal and informational justice - exert independent effects on employee perceptions of trust. 2) to extend the justice and trust literatures by examining levels of stress as moderators for the effects of justice measures on trust. 3) to provide exploration into the boundary conditions of those moderating effects in the form of a three-way interactions. The results indicated that interpersonal justice was positively and significantly related to organizational trust. However, the direct effect of informational justice on trust was not significant. Support for stress directly moderating these two relationships was not found in a simple moderated relationship. However, support for stress as a moderator was discovered in the form of a three-way interaction. More specifically, that the positive relationship between interpersonal justice and trust was indeed moderated by stress but only under high informational justice conditions.

INTRODUCTION

Individual perceptions of fairness in the workplace have interested organizational scholars for decades. The initial focus was on distributive justice and was concerned primarily with the fairness of resource distributions among employees (Homans, 1961). Examples included aspects of the work place such as compensation, promotion, rewards and dispute resolution (see Adams, 1965; Deutsch, 1975; Leventhal, 1976). In the mid 1970's, scholars began to shift their focus toward a second aspect of fairness specifically, procedural justice. Procedural justice dealt with the decision-making procedures which lead to the distributive outcomes (Thibaut & Walker, 1975). For the next couple decades researchers discovered a great deal about the effects that process has on perceptions of fairness in the organizational context (Greenberg & Folger, 1983; Leventhal, 1980: Lind & Tyler, 1988). Although the research suggested that both distributive and procedural aspects of justice were related to important organizational outcomes such as job satisfaction, satisfaction with leadership, trust, stress and turnover intent, evidence also suggested that procedural justice had unique and stronger effects than distributive justice on most of these outcomes (Tyler & Caine, 1981). Moreover, interaction effects were noted such that high levels of procedural justice seemed to neutralize the effects of distributive justice (Brockner & Wiesenfeld, 1996) in other words "The effects of what you do depend on how you do it." (Brockner & Wiesenfeld, 1996, p. 189)

Since then, the attention of organizational justice researchers has shifted again to what would be known as a third dimension of justice, specifically, *interactional justice*. Bies and Moag (1986) laid the foundation for the justification of a third dimension by stating that interpersonal treatment is a distinct concept from the structuring of procedures. They identified four rules that govern the perceptions of fair interpersonal treatment: 1) Truthfulness, 2) Justification, 3) Respect and, 4) Propriety (Bies & Moag, 1986). Interactional justice has since demonstrated significant effects on key employee outcomes (e.g. Ambrose, Seabright & Schminke, 2002; Ambrose, Schminke, & Mayer, 2013; Aquino, Lewis & Bradfield, 1999). Further refinement to interactional justice was brought by Greenberg (1993a) in a bifurcation of the interactional justice construct into *interpersonal justice* which includes respect and propriety and *informational justice* which addresses the justification and truthfulness rules. Further reasoning for this distinction was presented in Greenberg's lab study (1993b) which discovered that both forms of justice have unique, effects on employee theft. Other scholars have also stated the merits of separating interpersonal and information justice dimensions (see, Brockner & Wiesenfeld, 1996; Colquitt, 2001; Folger & Cropanzano, 1998; Cropanzano & Greenberg, 1997) to include evidence that each dimension has effects independent of the other (e.g. Bies, Shapiro, & Cummings, 1998; Shapiro, Buttner, & Barry, 1994). Interpersonal and informational justice dimensions either separately or combined have been linked to a multitude of outcomes including perceived supervisor support (Stinglehamber, De Cramer & Mercken, 2006), satisfaction, commitment, citizenship and withdrawal (Colquitt, Conlon, Wesson, Porter, & Ng, 2001) thus further illustrating the importance of these two constructs in organizational studies.

Although there has been a growing interest in interactional justice, little attention has been given to the unique effects of both the interpersonal and informational justice dimensions within the same study. (for exceptions see, Greenberg, 1993b; Judge & Colquitt, 2004; Kernan & Hanges, 2002). Understanding that there are distinct effects that each dimension has on key outcomes is crucial in understanding how employees will react to actions taken by organizations and their agents. Other benefits of separating interpersonal and informational justice dimensions include: 1) allowing researchers to disentangle the intercorrelations in the justice research (Bies et al., 1988), 2) understanding with greater precision the mechanisms through which individuals perceive and accept fairness (Greenberg, 1990), and 3) exploring more complex research questions.

A second gap in the extant literature is that we know little about the boundary conditions of interpersonal and informational justice dimensions. Illustrating the importance of separating the constructs and acknowledging boundary conditions, Greenburg (1993b) noted that informational justice and interpersonal justice work individually and together to help individuals accept inequalities in the work place thereby moderating employee efforts to redress the inequalities.

The purpose of this study is to address these two gaps in the justice literature by examining the effects of both interpersonal and informational justice as different predictors of trust in the workplace and to examine the boundary conditions of those effects. This also in response to a call from trust scholars for questioning presumed connections between justice and stress and for more precision in the study of relationship between justice and trust (Lewicki, Wiethoff, & Tomlinson, 2005). The current study makes predictions about the main effects of interpersonal and informational justice dimensions on trust. It then examines the effects of stress as a moderator of these relationships. To the best of the author's knowledge, no study has viewed stress as a moderator of the two interactional justice dimensions in the body of literature wherein stress and justice have been integrated. Finally, boundary conditions for the moderating relationships are explored through post-hoc analysis.

JUSTICE MODELS

Organizational justice scholars have proposed different models to explain the differential effects of justice dimensions on outcome variables. The distributive dominance model (Leventhal, 1980) predicts that distributive justice will have stronger effects than the other justice dimensions. The two-factor model presented by Sweeney and McFarlin (1993) predicts that procedural justice will have stronger effects than its distributive counterpart on variables that are system referenced but weaker effects on variables that are person referenced. A third model, the agent-system model (Bies & Moag, 1986) predicts that interpersonal or informational justice will have stronger effects on agent-referenced variables than procedural justice but weaker effects on system-referenced variables. While these models propose to elucidate the differential explanatory effects among justice dimensions, empirical support for each of these models has been met with mixed results (see Colquitt et al., 2001). Furthermore, while each model further refines the current scholarly thinking with respect to the dimensionality of justice constructs; few if any such models have been proposed that deals specifically with interpersonal and informational justice alone as delineated by Greenberg (1990).

Consequences of Interpersonal and Informational Justice

Interpersonal justice is defined as the extent to which employees are treated with dignity and respect by authorities or parties involved in executing procedures or determining outcomes and *Informational* justice refers to the extent to which employees receive adequate information regarding procedures and outcomes (Colquitt et al., 2001).

Prior organizational justice research has well established that a separate construct, procedural justice is significantly related to trust (Brockner et al., 1997). A noteworthy observation is that, the measures of procedural justice used in these studies often contain items that overlap with dimensions of interpersonal and informational justice (Kernan & Hanges, 2002). Even though some scholars have treated interactional justice (interpersonal and informational justice) as a social form of procedural justice (Cropanzano & Greenburg, 1997), it is theoretically plausible that interpersonal and informational justice may independently affect the outcome variables.

Empirical evidence of the unique effects that interpersonal and informational justice have on outcome variables can be found in Colquitt's (2001) construct validation study a four-factor model of justice in which interpersonal and informational justice were viewed as distinct dimensions. Other studies found that interpersonal and informational justice added unique variance when predicting outcomes such as managerial trust (Kernan & Hanges, 2002), and have additive moderating effects when predicting deviant behavior such as theft (Greenberg, 1990).

Organizational Trust

There is debate in the literature regarding the construct definition of trust (Rousseau, Sitkin, Burt, & Camerer, 1998). Some scholars define it with the trustee and environmental factors in mind citing confident, positive expectations of the trustee's conduct, motives and intentions under conditions of risk (e.g. Cook & Wall, 1980; Lewicki & Bunker, 1995). Others such as Mayer, Davis and Schoorman (1995) define it as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor irrespective of the ability to monitor or control that other party" (p. 712). Furthermore, they suggest that three characteristics ability, benevolence, and integrity dominate the trustor's assessment of an individual's trustworthiness. For the purposes of this study, we will adopt the Mayer et al. (1995) construct definition, in part because it is widely used in the trust literature (Tomlinson & Mayer, 2009) but most importantly, the characteristics identified by Mayer et al. (2005) more closely map onto the relational tone of the measures that are used in this study. Though sometimes thought of as dispositional and trait-like, trust is also considered an aspect of a relationship (Schoorman, Mayer & Davis, 2007).

Coquitt and Rodell (2011) suggest that theoretical connections between justice dimensions and trust can be made through a variety of perspectives including social exchange theory (Blau, 1964), fairness heuristic theory (Lind, 2001; Van den Bos, 2001) and the relational model (Lind & Tyler, 1988; Tyler & Lind, 1992). These well-established models provide a great deal of support for the justice-trust relationship. Other researchers (Brockner & Siegel, 1996) suggest that trust in others and organizations grows as a result of fair treatment. In addition, empirical evidence suggests that interpersonal justice and informational justice both have unique and significant relationships with trust in management (Kernan & Hanges, 2002). Therefore, I propose the following direct effect hypotheses:

> *$H1_a$: Interpersonal Justice will be positively related to Organizational Trust.*

> *$H1_b$: Informational Justice will be positively related to Organizational Trust.*

Stressful Employment Conditions

In workplace cultures where doing more with less is becoming the rule rather than the exception, examining the impact of stress on employee related outcomes becomes increasingly important. High stress has been linked to uncertainty (Carleton, Collimore, & Amundsen, 2007; Monat, Averill, & Lazarus, 1972) which in turn has demonstrated deleterious effects on both individual and organizational outcomes (Lind & Van den Bos, 2002; Van den Bos & Lind, 2002). Uncertainty management theory suggests that aspects of work life contain elements of uncertainty. The theory claims that fairness can reduce trust-related uncertainty as well as mitigate any discomfort associated with other forms of uncertainty. Hence the theory would suggest that justice manipulations would have a stronger effect under high levels of uncertainty or in the case of this study, high levels of the related construct of stress.

Empirical evidence also supports the notion that uncertainty is a condition under which people are more influenced by manipulations of fairness (Van den Bos & Lind, 2002). Furthermore, studies on stress reduction and fairness have indicated that the effects of fair treatment are stronger in high stress conditions than in low stress conditions (Vermunt & Steensma, 2003). Therefore, the current study will utilize high and low stress conditions as moderating conditions for the predictions of interactional and informational justice dimensions on trust. Under conditions of stress I expect the relationship between both justice dimensions (interpersonal and informational) and stress to be magnified. Therefore, I hypothesize the following moderated hypotheses:

> *H2a: Stress will moderate the relationship between Interpersonal Justice and Trust such that interpersonal justice has a stronger effect when stress is high.*

> *H2b: Stress will moderate the relationship between Informational Justice and Trust such that informational justice has a stronger effect when stress is high.*

METHODS

The purpose of this study was threefold. First, I sought to examine the interpersonal and informational justice dimensions as unique predictors of organizational trust. Second, I sought to determine the extent to which stressful employment conditions (i.e. pay cuts) moderate the effects of both interpersonal justice and informational justice on stress. Finally, to provide post-hoc exploration into the boundary conditions of stress's moderating effects by analyzing a three-way interaction.

Participants

Participants included 204 graduating seniors in an undergraduate business class at a large university in the southeastern United States. Of those participating, 45% were female and 55% were male. In terms of race, the sample consisted of 67% Caucasian, 9% African American, 9% Asian American, 8% Hispanic, 3% Other, 2% Latino, and 2% Biracial. The mean age was 23 years. In terms of work history, the mean work experience was 6.6 years, and the mean number of jobs held was 4.4. 68% of participants worked part-time, 30% full-time and 2% were unemployed. Of those employed 24% held a supervisory role at their job.

Design and Procedure

The study used a 2x2x2 between-subjects design in which the independent variables included experimental manipulations of high and low *Stress*, high and low *Interpersonal Justice* perceptions and high and low *Informational Justice* perceptions. The participants were randomly assigned to one of the eight conditions and were asked to read a scenario, in which employees are informed about company-wide pay cuts and the extent to which the cut would impact them financially. The high stress condition, indicated a large pay cut would which would be upsetting. The low stress condition indicated that the pay cut was minimal and that it would not cause much of a hardship. A second manipulation included informational justice. In high informational justice conditions, explanations for pay cuts were timely and justifiable. In contrast, low informational justice conditions included delayed information, and little explanation. Interpersonal justice was the third and last variable manipulated. In high interpersonal justice conditions a great deal of respect and propriety is shown toward the employees conversely, in low interpersonal justice conditions, very little respect was given and improper flippant remarks were made. Participants were asked to imagine the given scenario occurring in the work place at which they were currently or most recently employed (See Appendix A) after doing so, they were asked to indicate their attitudes and opinions regarding the situation described. Participants were asked to report not only on the manipulated variables perceived justice and stress measures but also on the dependent variable of organizational trust.

Measures

Organizational Trust was assessed using the seven-item scale developed by Robinson & Rousseau (1994) that reflects dimensions of trust identified by Gabarro and Athos (1976). Sample items included "I believe my employer has high integrity," and "I am not sure I fully trust my employer" (reverse scored). The scale ranged from 1 (strongly disagree) to 5 (strongly agree). Chronbach's alpha for organizational trust was .86.

Interpersonal Justice was manipulated and also assessed using four items from Colquitt's (2001) scale. Sample items included, "Did he or she treat you with respect?" and "Did he or she refrain from improper remarks or comments?" The scale ranged from 1 (to a small extent) to 5 (to a large extent). Chronbach's alpha for interpersonal justice was .89.

Informational Justice was manipulated and also measured following Colquitt (2001) by adapting two items from Bies and Moag (1986) and three items from Shapiro et al., (1994) to create a five-item measure. The scale ranged from 1 (to a small extent) to 5 (to a large extent). Sample items included, "Did he/she explain the procedures thoroughly?" and "Did he/she communicate details in a timely manner?" The alpha for this measure was .87.

Stress was manipulated and also measured. The measure was created for the purposes of this study and contained three items. The scale ranged from 1 (strongly disagree) to 5 (strongly agree) Sample items were, "This situation at work leaves me feeling very stress" and "I feel some stress about my job due to this announcement." The alpha for this measure was .91

RESULTS

All descriptive statistics and intercorrelations between the study variables are presented in Table 1 with the alpha coefficients presented on the diagonals.

TABLE 1
Study 1 Descriptive Statistics and Correlations [a,b,c]

	Mean	s.d.	1	2	3	4
Manipulations [c]						
1. Interpersonal Justice	.49	.50				
2. Informational Justice	.51	.50	.000			
3. Stress	.51	.50	-.009	.010		
Dependent Variable						
4. Organizational Trust	2.79	.47	.198**	.094	-.081	(.86)

[a] n = 204 individuals
[b] Internal consistency reliability coefficients appear on the diagonal in parentheses.
[c] Manipulations coded such that 0=low condition and 1=high condition.
**p<.01
All two-tailed tests.

Manipulation Checks

The results of analyses of variance suggested that all three manipulation checks were successful. I conducted a manipulation check on *Stress* to verify that the participants distinguished between the experimental conditions. The ANOVA analysis showed that that participants in the high stress condition (*M*=4.40, *SD*=.79) rated the amount of stress they felt in the situation higher than those in the low stress condition (*M*=3.39, *SD*=1.02) (F(1, 203) = 61.40, p< 0.001, η^2 = .23.), indicating that the manipulation was successful.

In addition, as expected, an ANOVA revealed that the experimental manipulation had a significant effect on perceptions of *Interpersonal Justice*, F (*1*, 203) = 90.82, p<0.001, η^2 =.31, such that participants in the high interpersonal justice condition (*M*=3.36, *SD*=1.05) reported that the manager showed more personal concern for them than those in the low supervisor support condition (*M*=1.96, *SD*=1.05).

Finally, an analysis of variance showed that participants in both the high (*M*=3.73, *SD*=1.12) and low (*M*=1.74, *SD*=.87) *Informational Justice* conditions were able to distinguish between the experimental conditions F (1, 203) = 198.40, p<0.001, η^2 =.50. In what follows I directly test the study hypotheses.

Hypotheses Tests

Hypothesis 1_a predicted that interpersonal justice would be positively related to organizational trust and the results of the analysis provide support for that hypothesis *(F* (1, 203) = 8.25 p < .01, η2 =.04). However, hypothesis 1_b which predicted that informational justice would be positively related to organizational trust (F (1, 203) = 1.79 p =*ns*, η2 =.009) was lacking significance and was not supported until other variables were considered.

Hypothesis 2_a and 2_b were moderating hypotheses predicting that stress would moderate the relationships between interpersonal justice and trust as well as informational justice and trust. Analyses of these relationships revealed no significant interactions among these variables.

However, further analysis revealed a marginally significant, unpredicted three-way interaction between interpersonal justice, informational justice and stress was found regarding effects on organizational trust *(F* (1, 203) = 3.69 p = .056). The main effect for interpersonal justice on trust was significant *(F* (1, 203) = 8.25 p < .01, η2 =.04). However, there was no significant main effect of informational justice on the trust outcome variable. Further analysis also indicated that there were no significant two-way interactions were found among informational justice, interpersonal justice and stress variables. In the presence of a higher order interaction, is difficult to accurately interpret any lower order effects (Aiken & West, 1991).

To further explore what was happening in the three-way interaction, I conducted a post hoc analysis on the means of each of the eight conditions. Specifically, I wanted to determine whether the means were statistically different from each other with respect to the organizational trust dependent variable (see table 2).

TABLE 2
Organizational Trust
Means for Each of the Eight Conditions by Stress Level

	Low Stress			**High Stress**	
	Low IPJ	High IPJ		Low IPJ	High IPJ
High IFJ	2.86	2.95	High IFJ	2.58	2.94
Low IFJ	2.64	2.89	Low IFJ	2.70	2.74

I conducted a between-subjects comparison of the confidence intervals for all eight organizational trust conditions. According to Cardinal and Aitken (2006), if the confidence intervals for the two groups do not overlap then the two groups are significantly different. The results of this test indicated a significant difference between one condition (High IFJ, Low IPJ, High Stress) and two others (High IFJ, High IPJ, Low Stress and High IFJ, High IPJ, High Stress) (See Table 3). However, only one of the significant relationships is interpretable. These results suggest that in conditions of high informational justice, the degree to which management demonstrates high levels of interpersonal justice does not make much of a difference on employee perceptions of organizational trust when employees are experiencing low levels of stress. However, in high informational justice conditions, the extent to which high levels interpersonal justice is demonstrated does makes a significant difference on employee perceptions of organizational trust when they are experiencing high levels of stress.

TABLE 3
Organizational Trust
Means for Each of the Eight Conditions by Informational Justice Level

	Low IFJ			**High IFJ**	
	Low Stress	High Stress		Low Stress	High Stress
High IPJ	2.89	2.95	High IFJ	2.95_{a}	2.94_{b}
Low IPJ	2.64	2.89	Low IFJ	2.86	$2.58_{a,b}$

Subscripts denote statistical significance. Cells which share the same letter contain means which are statistically different from each other.

DISCUSSION

The primary purpose of this study was to extend the current justice and trust literatures by determining whether justice dimensions - namely interpersonal and informational justice - exerted independent effects on organizational trust. The results indicate that interpersonal justice was positively and significantly related to organizational trust. Surprisingly however, there was a lack of support for a positive and significant relationship between informational justice and organizational trust. Although at first glance, these findings would be puzzling further analyses in the current study provided insights into potential reasons for these results.

A secondary purpose of this study was to determine the extent to which stress would moderate the relationships between the justice dimensions and trust. A potential explanation for the lack of a direct effect of interpersonal justice on trust could include interactional effects of another variable which would attenuate the relationship between the two. After all, in the presence of a higher order interaction it is difficult to accurately interpret any lower order effects (Aiken & West, 1991). Unfortunately, the results of the moderation analysis provided insufficient evidence to implicate stress as being a moderating condition under which either of the justice dimension's relationships with trust were impacted. Again, drawing cursory conclusions from these results are perplexing. However, A third and final analysis of this issue began to shed light on what was occurring among these variables.

Exploratory analysis discovered the presence of a three way interaction between interpersonal justice and stress with respect to their relationship on trust in conditions of high informational justice. This finding could potentially explain why a main effect between informational justice and trust was not found. Moreover, it could partially explain the lack of significance for stress moderating either of the justice – trust relationships. It appears that the higher order interaction of stress on the interpersonal – trust relationship may constrain or possibly suppress the main effects of both interpersonal, and to a much larger extent, informational justice. However, under high informational justice conditions the moderating effects of stress on the relationship between interpersonal justice and trust emerges.

This finding suggests that in conditions in where representatives of organizations are truthful and seek to justify their decisions, the extent to which respect and propriety towards employees enhances perceived trust in the organization is dependent on workplace stress levels. This finding illustrates how much is still unknown about person and situation specific interactions when it comes to the justice – trust relationship and merits future empirical testing.

Limitations

On the surface the lack of support for three of the four formalized hypotheses would seem disconcerting. In such cases debates among scholars about the merits of reporting what we don't know usually ensues. However, in this study staying the verdict was is critical. The counter intuitive lack of support for some of theoretically and empirically derived hypotheses, paved the way for further understanding provided by the exploratory portion of the study. It was through the post-hoc analysis that exact interactions among the variables in the three-way interaction could be teased out.

Although findings from the exploratory portion have merit, there are still limitations inherent to this kind of analysis. First, these were post-hoc analyses and not a priori expectations. Therefore interpretation after the fact should be used to inform future empirical research formal hypothesizing of such relationships. Second, although using confidence intervals is a legitimate post-hoc test for significance in the social sciences (Cardinal & Aitken, 2006), it is not as widely used as other post-hoc testing methods (e.g. Scheffé test).

A third limitation of this study is the use of dichotomous qualitative levels of the variables as manipulations in the study. One of the risks associated with manipulation studies is that the tests of comparative effects can potentially lead to unfair comparisons. Cooper and Richardson (1986), suggest that in order to make a fair comparison between variables each have to be operationalized and manipulated with equal care and fidelity (procedural equivalence) and that the values of the variables have similar ranges of variance in their populations (distributional equivalence). Considering the manipulations (see Appendix), it is possible that procedural equivalence was not satisfied in that the contrasts between each form of justice and stress might have been operationalized at different intensities (care) and without specific regard to all known boundary conditions (fidelity). As for distributional equivalence assumptions, Cooper and Richardson (1986) suggest that distributional equivalence can be established by accessing normative data and then demonstrating that factor levels of the population are set at equivalent points on the distribution of the manipulated factor values. When these two conditions are not appropriately addressed, an unfair comparison may result in that the factor demonstrating the stronger effect is favored due to its stronger manipulation. However, most manipulation studies are subject to these limitations. Although, there is no reason for the researcher to assume that the manipulations in the current study are inherently flawed, some of the additional precautions for comparative manipulation studies mentioned above were not able to be utilized as the researcher designed and executed the study. One precaution that was taken to reduce some of the above mentioned risks included not only manipulating but also measuring each of the independent variables to reduce exposure to weaknesses in manipulation studies.

Managerial Implications

From a managerial perspective this study highlights the importance of consistently creating fair systems, structures, processes that address as many facets of justice as possible. Until the interactions are fleshed out, it would be difficult for a manager to somehow manipulate one dimension in the presence of others and expect consistent results each time. Hiring and training managers who are capable at both interpersonal and informational aspects of the job would be crucial for organizations. In addition, as is indicated by the three-way interaction, creating strong organizational cultures with a strong informational justice component, allows the other aspects of stress and trust to interact.

Future Research

One purpose of this study was to examine the extent to which stressful employment conditions might exacerbate these relationships. This study was conceptualized as an extension of Greenberg's (1993) study on theft reactions to underpayment inequity. However, instead of viewing justice dimensions as moderators, it looks at environmental conditions under which these relationships might hold. Although none of the moderating hypotheses were directly supported, the discovery of a three-way interaction between interpersonal justice, and stress with respect to its relationship with trust in conditions of high information justice provides an avenue for further discovery and advancement of the literature.

Future research may also include a multi-foci perspective of stress sources. This has the potential to help better explain the interaction. Viewing sources of stress as both a perception of the employee (self-induced) and a condition influenced in part by management has the potential to provide some insight into the effects of stress on outcomes. Scholars have identified various categorical descriptions of sources such as job content, working conditions, employment conditions and social relations (Le Blanc, de Jonge & Schaufeli, 2000). Management needs to be aware of which justice perceptions affect an employee's level of trust because both justice and trust factors have been consistent predictors of key employee attitudes and behaviors. Justice has been known to influence outcomes such as organizational commitment, task performance and citizenship behaviors (Cohen-Charash & Spector, 2001 & Colquitt et al., 2001). Assessments of trust have been linked to similar outcomes such as task performance, citizenship behaviors, and counterproductive work behaviors (Colquitt, Scott, & LePine, 2007; Dirks & Ferrin, 2002), just to name some examples.

CONCLUSION

In response to the call from trust and justice scholars, this study questioned some of the presumed connections between justice dimensions and trust (Lewicki et al., 2005) and sought to better understand the conditions under which these relationships existed. This study confirms the important role that justice perceptions play in creating trust in organizations. Findings from this study support the current justice literature indicating that employee's interpersonal justice perceptions are positively related organizational trust. However, when the presumption that informational justice will always be related to higher levels of trust was tested, support was not found. Furthermore, using stress as a boundary condition was not supported either. However, once the interaction among informational, interpersonal, and stress variables was considered the true nature of the connections came to light. The justice and trust literatures are extended with the evidence that indicates that a high level of informational justice is a necessary condition under which the relationship between interpersonal justice and trust is moderated by stress. In other words in conditions in which representatives of organizations are truthful and seek to justify their decisions, the extent to which respect and propriety towards employees enhances perceived trust in the organization is dependent on workplace stress levels. This study supports the long held notion from Greenburg, (1993b) that informational justice and interpersonal justice work both separately and together to help individuals accept inequalities in the work place thereby moderating employee efforts to redress the inequalities.

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APPENDIX 1

Manipulation Conditions

Condition #1 Low Stress - High Informational Justice x Low Interpersonal

You have been working at your current job for a considerable number of years. You received the information from your upper-level manager that there is going to be a 5% across the company pay cut for 10 weeks that begins next week. You are told that this is because your company has just lost one of its key contracts, and everyone at the company is affected; this is the plan in order to get through these tough times and while other options were seriously considered no other possible avenues were deemed to be as effective. Furthermore, the basis for the decision was explained by presenting charts and graphs detailing the temporary effects of the lost contract on the company's cash-flow. The projections that were presented verified the cash-flow problem and confirmed the need for the temporary pay cuts. Your upper-level manager held a thorough question and answer session at the end of the presentation. You are satisfied with the explanations given and you think this information was conveyed in a timely manner. However, your upper-level manager shares that while news of this kind might certainly be troubling, this type of incident is "just the way it is" in this industry, and that senior managers "don't make the rules around here, so don't shoot the messenger". They then begin to ramble on about how concerned they are about their own pay cut and how it will impact their life. While the pay cut is 5%, you believe it comes at a time in your life when you can absorb this level of reduction in pay without taking drastic steps.

Condition #2 Low Stress – High Informational x High Interpersonal Justice

You have been working at your current job for a considerable number of years. You receive the information from your upper-level manager that there is going to be a 5% across the company pay cut for 10 weeks that begins next week. You are told that this is because your company has just lost one of its key contracts, and everyone at the company is affected; this is the plan in order to get through these tough times and while other options were seriously considered no other possible avenues were deemed to be as effective. Furthermore, the basis for the decision was explained by presenting charts and graphs detailing the temporary effects of the lost contract on the company's cash-flow. The projections that were presented verified the cash-flow problem and confirmed the need for the temporary pay cuts. Your upper-level manager held a thorough question and answer session at the end of the presentation. You are satisfied with the explanations given and you think this information was conveyed in a timely manner. In addition, your upper-level manager shares just how sorry the company is that this has to be done to the employees. They go on to say that the company hates doing this, and that, although it's probably not much consolation, they feel very badly about this. In fact, your upper-level manager stays to meet one on one with any employee that just wants to talk about the situation and work through their personal issues. During this meeting the manager confirms that everyone is taking the same pay cut including management and it is hoped that the employees recognize that everyone is sharing in this difficult time equally. While the pay cut is 5%, you believe it comes at a time in your life when you can absorb this level of reduction in pay without taking drastic steps.

Condition #3 Low Stress - Low Informational Justice x Low Interpersonal

You have been working at your current job for a considerable number of years. You and all other employees are informed in a quickly called, company-wide speech from an upper-level manager that there is going to be a 5% across the company pay cut for 10 weeks. You are told that the reason for the pay cut is because your company lost one of its key contracts well over a month ago, and everyone at the company is now affected. During the meeting the upper-level manager does not go into any further justifications or detail explaining the effects of the reduced cash-flow due to the lost contract on the company. You are simply told by them that such lost contracts and subsequent pay reductions are an unfortunate fact of life in your industry. Moreover, the upper-level manager stated that while news of this kind might certainly be troubling, this type of incident is "just the way it is" in this industry, and that senior managers "don't make the rules around here, so don't shoot the messenger". Whatever question and answer time that you might have had at the end was taken up by this manager rambling on about how concerned they are about their own pay cut and how it will impact their life. While the pay cut is 5%, you believe it comes at a time in your life when you can absorb this level of reduction in pay without taking drastic steps.

Condition #4 Low Stress – Low Informational x High Interpersonal Justice

You have been working at your current job for a considerable number of years. You and all other employees are informed in a quickly called, company-wide speech from an upper-level manager that there is going to be a 5% across the company pay cut for 10 weeks. You are told that the reason for the pay cut is because your company lost one of its key contracts well over a month ago, and everyone at the company is now affected. During the meeting the upper-level manager does not go into any further justifications or detail explaining the effects of the reduced cash-flow due to the lost contract on the company. You are simply told by them that such lost contracts and subsequent pay reductions are an unfortunate fact of life in your industry. No question and answer time was offered afterward. However, the upper-level manager shares just how sorry the company is that this has to be done to the employees. They go on to say that the company hates doing this, and that, although it's probably not much consolation, they feel very badly about this. In fact, the upper-level manager stays to meet one on one with any employee that just wants to talk about the situation and work through their personal issues. During this meeting the manager confirms that everyone is taking the same pay cut including management and it is hoped that the employees recognize that everyone is sharing in this difficult time equally. While the pay cut is 5%, you believe it comes at a time in your life when you can absorb this level of reduction in pay without taking drastic steps.

Condition #5 High Stress - High Informational Justice x Low Interpersonal

You have been working at your current job for a considerable number of years. You received the information from your upper-level manager that there is going to be a 30% across the company pay cut for 10 weeks that begins next week. You are told that this is because your company has just lost one of its key contracts, and everyone at the company is affected; this is the plan in order to get through these tough times and while other options were seriously considered no other possible avenues were deemed to be as effective. Furthermore, the basis for the decision was explained by presenting charts and graphs detailing the temporary effects of the lost contract on the company's cash-flow. The projections that were presented verified the cash-flow problem and confirmed the need for the temporary pay cuts. Your upper-level manager held a thorough question and answer session at the end of the presentation. You are satisfied with the explanations given and you think this information was conveyed in a timely manner. However, your upper-level manager shares that while news of this kind might certainly be troubling, this type of incident is "just the way it is" in this industry, and that senior managers "don't make the rules around here, so don't shoot the messenger". They then begin to ramble on about how concerned they are about their own pay cut and how it will impact their life. The 30% pay cut comes at an inopportune time and is very upsetting. You really can't afford this drastic a pay cut, and may result in defaulting on some of your financial obligations and may mean you will have to get a second job during the reduced pay period. You don't have time to deal with all this right now.

Condition #6 High Stress – High Informational x High Interpersonal Justice

You have been working at your current job for a considerable number of years. You receive the information from your upper-level manager that there is going to be a 30% across the company pay cut for 10 weeks that begins next week. You are told that this is because your company has just lost one of its key contracts, and everyone at the company is affected; this is the plan in order to get through these tough times and while other options were seriously considered no other possible avenues were deemed to be as effective. Furthermore, the basis for the decision was explained by presenting charts and graphs detailing the temporary effects of the lost contract on the company's cash-flow. The projections that were presented verified the cash-flow problem and confirmed the need for the temporary pay cuts. Your upper-level manager held a thorough question and answer session at the end of the presentation. You are satisfied with the explanations given and you think this information was conveyed in a timely manner. In addition, your upper-level manager shares just how sorry the company is that this has to be done to the employees. They go on to say that the company hates doing this, and that, although it's probably not much consolation, they feel very badly about this. In fact, your upper-level manager stays to meet one on one with any employee that just wants to talk about the situation and work through their personal issues. During this meeting the manager confirms that everyone is taking the same pay cut including management and it is hoped that the employees recognize that everyone is sharing in this difficult time equally. The 30% pay cut comes at an inopportune time and is very upsetting. You really can't afford this drastic a pay cut, and may result in defaulting on some of your financial obligations and may mean you will have to get a second job during the reduced pay period. You don't have time to deal with all this right now.

Condition #7 High Stress - Low Informational Justice x Low Interpersonal

You have been working at your current job for a considerable number of years. You and all other employees are informed in a quickly called, company-wide speech from an upper-level manager that there is going to be a 30% across the company pay cut for 10 weeks. You are told that the reason for the pay cut is because your company lost one of its key contracts well over a month ago, and everyone at the company is now affected. During the meeting the upper-level manager does not go into any further justifications or detail explaining the effects of the reduced cash-flow due to the lost contract on the company. You are simply told by them that such lost contracts and subsequent pay reductions are an unfortunate fact of life in your industry. Moreover, the upper-level manager stated that while news of this kind might certainly be troubling, this type of incident is "just the way it is" in this industry, and that senior managers "don't make the rules around here, so don't shoot the messenger". Whatever question and answer time that you might have had at the end was taken up by this manager rambling on about how concerned they are about their own pay cut and how it will impact their life. The 30% pay cut comes at an inopportune time and is very upsetting. You really can't afford this drastic a pay cut, and may result in defaulting on some of your financial obligations and may mean you will have to get a second job during the reduced pay period. You don't have time to deal with all this right now.

Condition #8 High Stress – Low Informational x High Interpersonal Justice

You have been working at your current job for a considerable number of years. You and all other employees are informed in a quickly called, company-wide speech from an upper-level manager that there is going to be a 30% across the company pay cut for 10 weeks. You are told that the reason for the pay cut is because your company lost one of its key contracts well over a month ago, and everyone at the company is now affected. During the meeting the upper-level manager does not go into any further justifications or detail explaining the effects of the reduced cash-flow due to the lost contract on the company. You are simply told by them that such lost contracts and subsequent pay reductions are an unfortunate fact of life in your industry. No question and answer time was offered afterward. However, the upper-level manager shares just how sorry the company is that this has to be done to the employees. They go on to say that the company hates doing this, and that, although it's probably not much consolation, they feel very badly about this. In fact, the upper-level manager stays to meet one on one with any employee that just wants to talk about the situation and work through their personal issues. During this meeting the manager confirms that everyone is taking the same pay cut including management and it is hoped that the employees recognize that everyone is sharing in this difficult time equally. The 30% pay cut comes at an inopportune time and is very upsetting. You really can't afford this drastic a pay cut, and may result in defaulting on some of your financial obligations and may mean you will have to get a second job during the reduced pay period. You don't have time to deal with all this right now.

FOUR CRITICAL TRAITS OF INNOVATIVE ORGANIZATIONS

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ABSTRACT

Fast Company magazine annually lists the World's 50 Most Innovative Companies. Unfortunately, it does not list criteria for the list except to state that the list exemplifies the best in business from across the economy and around the world. It goes on to state that the list of innovative companies is different from other such lists, and not just based on revenue growth and profit margins but also on progressive business models and ethos of creativity. It is an axiom that in order to have long-term success, an organization needs to innovate. Over the years, many academicians and consultants in the field of management have tried to make lists of traits that an innovative organization possesses. This paper analyzes corporate cultures, number of patents, and R&D expenditures of Fast Company World's 50 Most Innovative companies from 2009-2013. The research shows that: (i) happy and motivated employees who have opportunities for collaborations and conversations among employees in all levels of the organization, (ii) customer focus based on higher calling, (iii) leadership committed to innovation, and (iv) sense of urgency/fear among the workforce are four critical traits of an organization that innovates for a sustained period.

KEYWORD: Innovation, Culture, Patents, R&D, Leadership, Customer Focus

INTRODUCTION

In this era of shortened product life cycles and hyper-communication, innovation is a sure way to maintain an organization's competitive advantage. Innovation is what separates an organization from its competitors and allows it to charge higher prices for its products and services. Innovation has many different meanings (Fayolle, 2010; Simon & Yaya, 2011). It essentially means to devise new ways of doing things, which will lead to either efficiency gains, and or improvements in a product, or service that consumer will pay more for. In a nutshell, "[i]n order to survive, innovation is key." (Fayolle, 2010). Fayolle (2010) goes on to quote Peter Drucker that "businesses . . . will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence."

Since innovation is critical for an organization's ongoing success, the question arises as to what an organization can do to become innovative. The answer is found in the culture of the organization. This paper looks at the role of culture (mainly four common traits) in innovation and is arranged as following. The introduction section discusses the importance of innovation, along with a discussion of Survey of Current Literature. The survey of current literature shows that there is gap in academic research in terms of the specific traits needed to encourage/enhance innovation, followed by a discussion section that describes the research set-up and the four traits, followed by a Conclusion section.

Survey of Current Literature

Many scholars and researchers have come up with a laundry list of items that organizations should possess to be innovative. One of the most common means to become innovative is to have a strong research and development (R&D) program. To build a highly effective R&D culture; an organization needs to have customer focus, be risk tolerant, be entrepreneurial, aligned with strategy, have technological and science excellence, be innovative, be collaborative, execute projects well, and implement creative culture (Newman, 2009). Harrison and St. John (2014) indicate that innovation and entrepreneurship are on a continuum. That is, as we go toward more of (i) culture that encourages risk taking, (ii) teamwork and collaboration, (iii) flat management, (iv) focus on learning, (v) slack resources to invest in entrepreneurship, (vi) top management support, (vii) open communication at all levels, (viii) valuing ideas of each employees and (ix) strategic direction that emphasizes innovation and entrepreneurship; the more innovative the organization becomes. Nanda and Singh (2009) outlined that (i) organizational culture and climate, (ii) individual characteristics, and the (iii) support system enhances the creativity of an organization. They go onto conclude that innovation consist of three phases: (i) idea generation, (ii) feasibility and compatibility with organization's objectives, and (iii) commercialisation. Lewrick and Raeside (2012) find that: (i) successful companies link business strategies and organizational set-up to the desired outcomes, (ii) radical product improvements can be achieved by having international outlook, higher complexity, and business culture that allows employees to participate actively in the idea and innovation process, and (iii) successful companies searching for new ties and utilizing interorganizational networks which results mainly in radical process, and services innovation.

One expert on creativity states that one should worry about no other factors except to ensure that an organization has a leader with three characteristics—(i) great listener, (ii) has empathy, and (iii) one who trusts others--in order to achieve creativity in the organization (Brady, 2013). A Wall Street Journal article states that companies are finding ways, which will allow their employees to maximize casual conversations, which in turn will lead to organizational innovation (Silverman, 2013). Two professors state that instead of thinking outside the box--which entails starting with a problem and then brainstorming for solutions--organizations should instead focus on thinking *inside* the box (Boyd & Goldenberg, 2013). They advocate that innovation occurs when we focus on (i) subtraction—removing seemingly essential elements, (ii) task unification—bring together unrelated tasks or functions, (iii) multiplication—copy and alter a component, (iv) division—separate the components of a product or service and then rearrange it, and (v) attribute dependency—make the attributes of a product change in response to change in another attribute or in the surrounding environment. A prominent director of a design firm states that innovators have to be confident, and confidence can be brought about by giving them a problem they have to define by research and direct observation, then visualize and brainstorm solutions for the problem, and then complete it by making a prototype (Geer, 2011). A related article advises that skill of associating—making connections across seemingly unrelated fields, problems or ideas along with questioning, observing, networking and experimenting are skills that an innovator possesses (Geer, 2011). The more a person uses these skills via having courage, the more confident they become and that leads to innovations. Another source of getting new ideas is directly from the staff throughout the organization (Silverman, 2011).

Others have focused on two important aspects of the organization that affect innovation: (i) the entrepreneur and (ii) the R&D expenditure. An author notes that successful entrepreneurs "are tenacious, hardheaded, and creative. They persist with their ideas long after others might have given up, and they are good at persuading clients, partners and investors to take a chance." (Broughton, 2013). He explains that entrepreneurs are driven by a powerful need: sometime positive and sometime not. The positive could be doing something original and the negative could be desire for revenge, distaste for authority and in many cases desire for monetary gain.

While R&D expenditure is one determinant of innovation success (especially for manufacturing and technology companies), experts state and studies show that "there is no statistically significant relationship between how much a company spends on R&D and how they perform over time." (Bussey, 2012). A prominent study showed that over the past "eight years, there is no long-term correlation between the amount of money a company spends on its innovation efforts [R&D expenditure], and its overall financial performance . . . what matters is how companies use that money and other resources, as well as quality of their talent, processes, and decision making." (Jaruzelski et. al, 2012). Indeed, Tables 1 and 2 below show that there is no correlation between R&D expenditures (as a percentage of an organization's revenue) and the number of patents received by those companies during the 2009-2013 period.

Although R&D expenditure is essential, it is not conclusive in terms of predicting innovation for an organization. Therefore, there is a need to determine specific commonalities/traits among the most innovative firms. Moreover, prior literature is either not clear or lacks roadmap that can be used to achieve innovation. As shown above, many prior findings are overtly broad while others are too narrow. Thus, this paper's goal is to determine cultural traits that are most likely to increase innovation in an organization.

Table 1: Patents Received by Selected Organizations (2009-2013)

Yr.	Google	Apple	Amazon	MS	Cisco	GE	IBM	Samsung	Nike	Intel	HP	Disney
2009	141	289	46	2,901	913	976	4,887	3,592	73	1,534	1,269	14
2010	275	563	118	3,086	1,114	1,222	5,866	4,518	122	1,652	1,489	38
2011	426	676	180	2,309	979	1,444	6,148	4,868	176	1,244	1,331	63
2012	1,151	1,136	287	2,610	950	1,650	6,457	5,043	223	1,287	1,398	113
Total	2,114	4,714	657	20,228	7,653	40,363	79,804	41,067	945	22,070	25,016	299

Facebook, Twitter and Walmart had no patents up to 2012. Source: United States Patent and Trademark Office. Retrieved September 2, 2013, from http://www.uspto.gov/web/offices/ac/ido/oeip/taf/tecasga/all_torg.htm

Table 2: R&D Expense as Percent of Revenue

Yr.	Google	Apple	Amazon	Facebook	Microsoft	Cisco	GE	IBM	Samsung	Intel	HP
2009	12	3	5	-	15	14	2	6	6	16	3
2010	13	3	5	7	14	13	3	6	6	15	2
2011	14	2	6	11	13	14	3	6	7	16	3
2012	14	2	8	28	13	12	3	6	6	19	3

Source of R&D expense as percent of revenue data is each company's the Annual Reports filed with the Securities and Exchange Commission. There was no R&D data available for Nike, Twitter, Disney and Walmart in their Annual Report filings.

DISCUSSION

The importance of innovation/entrepreneurship is so well established that mainstream magazines such as Forbes and Fast Company spend considerable resources to provide annual rankings of top innovating organizations. Additionally, many prominent organizations such GE and Cisco Systems recognize the importance of growth through innovation in their company strategies (GE Capital; Mcgirt, 2009). For the past few years, Fast Company magazine lists the Top 50 Most Innovative companies worldwide. In their report, they do not explicitly state any criteria by which they prepare the most innovative list except to say that it is not necessarily based on financial numbers; but rather also based on loose terms such as progressive business models and ethos of creativity (Fast Company, 2013). They go onto state that being selected to the top 50 list is not easy, because fewer than one-third of the companies make the list in consecutive years. They note that companies such as Facebook and Twitter failed to make the list in 2013.

Top 50 Most Innovative List

Fast Company has been listing top innovative companies worldwide for many years. Due to the availability and currency of data, this study analyzed organizations that made Fast Company's top 50 innovative list for the last five years (2009-2013). Furthermore, the list of organizations were narrowed based on number of times they made the list during 2009-2013. Table 3 below lists organizations based on number of times they made the top 50 list.

Table 3: Most Innovative Companies 2009-2013 and the Number of times in the Top Innovative Companies List

2 years	**3 years**	**4 Years**	**5 Years**
HP	Cisco	Facebook	Google
Disney	GE	Microsoft	Apple
Walmart	IBM		Amazon
	Samsung		
	Nike		
	Intel		
	Twitter		

Source: Fast Company World's Most Innovative Companies for 2009-2013

As Table 3 above shows, Google, Apple and Amazon made the innovation list for all of the past five years. Facebook and Microsoft made the list four of the past five years. Cisco, GE, IBM, Samsung, Nike, Intel and Twitter made the list in three of the past five years. Finally, HP, Disney and Walmart made the list twice in the past five years.

An analysis of various facets of these companies--mainly the company culture--shows that innovation flourishes under the following four conditions/traits: (i) happy and motivated employees, (ii) customer focus based on higher calling, (iii) leadership committed to innovation, and (iv) sense of urgency and fear in the workforce.

(I) Happy and Motivated Employees

Not surprisingly, employees are the most important asset of an organization and the most important source of innovation. Thus, it behooves an organization to pay very close attention to this facet of the organization. All successful innovative companies focus on three aspects related to employees. The first is to provide excellent and uncommon benefits and compensation. The purpose of this is to keep employees happy (and thus creative), productive and to maintain high rate of retention. The second aspect is to provide employees regular training/workshops, which feature lectures/talks from accomplished persons outside of the organization. This helps in keeping employee skills sharp, motivated, and provides an impetus for creativity. Finally, innovative organizations have an open working environment, where open and forthright casual conversations occur regularly.

As the examples of working conditions and treatment of employees at Google, Amazon, Microsoft, Facebook, GE, IBM, Nike, Twitter, Cisco, and Disney show: happy and motivated employees are driver for innovations.

In addition to their salaries, at Google, employees receive numerous benefits/perks as shown below (Bulygo, n.d.):

-free breakfast/lunch/and dinner
-free health and dental insurance

-free haircuts
-free dry cleaning
-subsidized massages
-gyms and swimming pools
-hybrid car subsidies
-nap pods
-video games, foosball, ping pong
-on-site physicians
-death benefit
-maternity benefit includes five months paid time off with full pay and benefits
-private shuttle bus to and from San Francisco and other areas

Benefits/perks are to keep employees motivated, and productive. If employees are happy, only then they can think of new things. Additionally, Google allows each employee to spend up to 20% of their work time on projects the employees care about. Google makes all its human resources decisions based on scientific data, and has specialists whose job is to make employees happy (Bulygo, n.d.). One Google study showed that when employees are warmly greeted by their managers, productivity increased by 15% (Bulygo, n.d.). To promote collaboration and exchange of ideas, Google makes long lunch tables and limits lunch lines to three to four minutes. The person in charge of creating the perfect work environment at Google states: "[c]asual connections are what we try and create in the work environment. You can't schedule innovation, you can't schedule idea generation . . . we are looking for the opportunities for engineers or for creative people to come together." (Bulygo, n.d.).

Additionally, Google takes recruitment very seriously, and thus reviews each job application (about 2.5 million per year). It reviews data on terms of how and why hire in certain way. An interview at Google requires the applicant to answer some very challenging questions.

An example is "how many balls fit in a school bus?" However, Google is not looking for the correct answer, but rather the thought process of the interviewee. One does not necessarily need to have a degree to get a job at Google; however, they have to be smartest and most thoughtful (Bulygo, n.d.; Goo, 2006).

In addition, Google places a premium on success, but does not dwell on failure (Goo, 2006). A product management director states that "[i]f you are not failing enough, you are not trying hard enough." (Goo, 2006). More importantly, at Google, workers are encouraged to propose wild and ambitious ideas often. This trait seems to be common to almost all of the innovative companies. At Google, supervisors assign small teams to see if the new ideas work (Goo, 2006). Finally, at Google, in long interiors hallways, employees scribble thoughts on whiteboards.

Amazon is very frugal and thus, employees are valued but do not necessarily get the same type of benefits and rewards as at other Silicon Valley firms. Amazon employees pay for their own meals, office furniture is not very fancy, and receive low cash compensation without any incentive compensation (Lashinsky, 2012). However, employees do receive restricted stock that becomes very valuable over time. The main attraction for job applicants at Amazon is the opportunity to work at a company where "something big is going on." (Lashinsky, 2012). Finally, at Amazon, employee recruitment is set at a high bar. The interviewers are looking for someone they can admire, learn from, and a "superstar." (Schneider, n.d.). Amazon also provides "tech-talk" for its employees where outside scientists come for talks to spark ideas in Amazon employees (Amazon Culture, 2011).

Microsoft employees in engineering and research departments are very strong and their research papers are published in top research journals and presented at top IT conferences. However, this research does not necessarily translate to new innovative products. (Latif, 2013). At Microsoft, decision makers do not receive new ideas in a timely manner, thus giving an impression of work culture that does not promote risk takers.

On the other hand, Facebook encourages its employees to try out new ideas and run with it without meddling from superiors. Facebook is all about "autonomy." (Sawers, 2011). One employee reflects: "[f]rom the open-floor plan to quick turnaround from internal tests to production traffic, Facebook has always been obsessed with moving fast and iterating on ideas." (Sawers, 2011). Big challenges and risk taking are highly encouraged at Facebook. Facebook breaks down barriers among employees by actively supporting social activities outside of their day jobs and top management team participates in Q&A forums in which employees can ask questions directly to top managers regardless of how sensitive or controversial the issue is (Colleran, 2013). Finally, as Google and Amazon do, Facebook similarly provides weekly lecture by entrepreneurs for its employees (Zatarain, 2012). The rewards and benefits at Facebook are very similar to Google.

At Samsung, employees receive bonus for good ideas and work place permeates with slogans such as "fostering the individual," and "change begins with me." (Grobart, 2013). Employees have access to dining rooms, fitness centers, libraries and coffee bars. Additionally, Samsung provides stress reducing special music selected by psychologists (Grobart, 2013).

GE is one company that has clearly aligned innovation with it overall company growth values. It encourages innovation, courage and inclusiveness in its corporate culture (GE Capital, 2012). GE emphasizes that employees should generate creative ideas, take risks, learn from success and failure, challenge bureaucracy, welcome ideas, collaborate, listen and be humble. They have "growth heroes," idea jams, and globalized research to generate new ideas. Moreover, business leaders must submit three "imagination breakthroughs" per year and compensation is tied to coming up with new ideas (Brady, 2005).

IBM uses social computing tools to foster collaboration, disseminate, and consume news; and to forge close relationships and build networks and credibility among its employees (Fidelman, 2012). Moreover, IBM has empowered employees by allowing them to work from their homes (Payne, 2010). IBM has been leader in many aspects of work culture; mainly issues related with civil rights, hiring minorities and providing benefits to gay and lesbians among other things (IBM, n.d.).

Interns at Twitter state that Twitter is a great place to work where they have participated in karaoke with the company co-founder; and met the ex-Russian President, and famous singer--Kanye West (Carr, 2011). Twitter engages its employees by having (i) management sessions led by the CEO, (ii) employee satisfaction and idea generating surveys, (iii) helping employees learn five core skills, regardless of their position: communication, development, direction, change and collaboration, and (iv) continuous feedback from all employees at all levels (Dugan, 2012). Twitter also encourages continuous learning by creating an engineering exchange between its staff and Etsy—a website that sells handmade and vintage items (Dugan, 2012).

Cisco Systems is known for its team oriented, fun activities designed to build teamwork, good compensation, and training and education for its employees (Schneider, n.d.). At Cisco, executives work together, has network of councils and boards that are empowered to launch new businesses. In addition, Cisco employees are blogging, vlogging, virtualizing and using social-network tools. At Cisco, the emphasis is on trust and openness so that information is easily shared. The company has C-vision—akin to YouTube, which allows employees to share product reports, sales ideas, and engineering updates. C-vision is a petri dish of ideas and exchange (Mcgirt, 2009).

At Nike—this year's top innovation company according to Fast Company—workers are extremely committed, many of them sporting the Nike swoosh as tattoos (Nisen, 2013). Nike promotes employees figuring out where they want their careers to go, and when employees see something that would help them get there; they should ask Nike management for it (Fisher, n.d.). Nike recruits go-getters, rotates employees through its many department in their first 24 months, and provides opportunity to meet top leaders regularly (Fisher, n.d.). The CEO looks for new ideas from designers fresh out of school, and wanders the halls and gets ideas from items on employees' desks (Nisen, 2013).

Disney has many programs that bring out creative ideas from employees. It focuses on hiring the right employees, provides communication among employees through newsletters, emails and website; trains every employees the same way—regardless of what position they are hired for, and asks for their opinions and questions by listening and truly valuing their inputs which is reported in a report called "You asked, We listened." Disney also conducts a survey of its employees about job satisfaction. Disney follows the saying of its founder—you never know where your next big idea will come from (Jones, n.d.).

(II) Customer focus based on higher calling

It is an old saying in marketing—customer is king. If there is no one who will pay for the new product or service, then it is not possible to make that product and make any money from it.

Thus, customer focus is necessary for any organization. Moreover, all organizations on the innovation list discuss customers in some form or other. What is remarkable is that for most of these truly innovative organizations, the customer focus is based on what I term—higher calling. Higher calling means that these organizations not only want to make their customers happy, rather the employees/organization are motivated by doing something good for the society. They want to help the humanity, by making the society as whole being able to live and communicate better. Their inventions mean much more than the improvement in product or service.

At HP, CEO Meg Whitman states that she wants to remake HP because the company "means so much to the [Silicon] Valley and to this country." (Anders, 2013).

Cisco Systems is one organization that truly exemplifies this topic. A vice-president at Cisco states, "Collaboration . . . helps a world community solve big problems . . . If we can accelerate the productivity of scientists who are working on the next solar technology because we're hooking them together, we're doing a great thing for the world." (Mcgirt, 2009). Cisco provides an example of the human side of their products. In the aftermath of an earthquake in central China in May 2008 that killed approximately 70,000 people, Cisco personnel used their proprietary *Telepresence*—audio and video program that allows conferencing—to assess what was happening locally in China. Immediately after the earthquake, they were able to connect West China Hospital to a specialized trauma center in Maryland via their network. The experts in Maryland were able to advise the medical/relief personnel in China (Mcgirt, 2009).

At Samsung, the world's no.1 maker of Smartphones, an engraving states that, "[w]e will devote our human resources and technology to create superior products and services, thereby contributing to a better global society." (Grobart, 2013). Samsung succinctly states that better products (via sustained innovation) will make the world a better place.

On this topic, Larry Page—co-founder of Google—comments that Google's DNA is to experiment, and Google wants to make as many products as possible, because "there are all these opportunities in the world to use technology to make people's lives better." (Bulygo, n.d.).

(III) Leadership Committed to Innovation

This aspect of traits pertains to the implementation/execution part of innovation. In other words, for innovation to occur, the top management needs to allow it, champion it, and push it throughout the organization. Leadership should encourage and reward risk takers, make quick decisions, and provide vision for the company. A review of the leaders at these innovative organizations show that almost all of them are seriously committed to innovation.

At Nike, the CEO notes that we are constantly looking to improve, that the company looks at adapting to its environment, and regards change not as a challenges, obstacle or hurdle, but as an opportunity (Nisen, 2013).

At HP, Meg Whitman has emphasized frugality—she orders Pizza and Chipotle when working late, and stays at $139 hotel rooms—and tried to break down barriers in the organization by moving executive vice presidents to cubicles from plush offices, and has gotten rid of barbed wires and gates that separated executive and general parking lots (Vance & Ricadela, 2013; Anders, 2013). She has taken these steps to lead by example and rally and promote innovation (Vance & Ricadela, 2013).

In early 2010, Larry Page became CEO of Google because the organization had become too bureaucratic and become a laggard in innovation. As CEO, Page has made quick decisions, and streamlined number of products Google actively works on. Now Google moves faster and makes fewer but better products (Bulygo, n.d.).

Tim Cook, the new CEO of Apple believes the importance of innovation and commented that at Apple, "the boldness, belief there aren't limits, a desire to make the very best products in the world. It's the strongest ever. It's in the DNA of the company." (Dilger, 2013). Mr. Cook delegates more, is kinder and gentler than the previous CEO, and has emphasized transparency at Apple (Gupta & Henderson, 2013).

At Disney, the culture of innovation is ingrained in its leadership because they follow the founder's emphasis on learning. Walt Disney "would often wander around the complex late at night, stopping to chat with night shift workers to get their ideas on how to make improvements." (Poke, 2010).

The importance of innovation and its emphasis by its leaders cannot be over emphasized. Although under his stewardship of Microsoft, Steve Ballmer increased revenue and profits and launched Xbox videogames, he resigned recently because since 1990s Microsoft has failed to come up with any ground breaking new product that has been a big hit by the consumers (Latif, 2013). As the search for a new CEO begins, a consultant commented that Microsoft "needs fewer bankers and more innovative thinkers . . ." (Ovide & Lublin, 2013).

Jeffrey Immelt who become CEO of GE following the iconic Jack Welch, feared that GE will become boring and his top people will become cowards. He worried that since GE management is known for focusing on the bottom line, many managers will take the safe route and not support or pursue projects that maybe risky (Brady, 2005). Under Immelt's leadership, GE has pursued innovation relentlessly. Immelt holds meetings in which he ranks ideas that "take GE out on a limb," has told mangers to embrace risky ventures, and tied compensation to idea generation (Brady, 2005). Moreover, GE has started courses in idea generation, has a "virtual idea box," and gives out "Excellerator awards." (Brady, 2005).

At Facebook, as stated previously in paragraph I, Mark Zuckerberg and the management team hosts open and honest Q&A forum for employees. This forum allows employees to get a straight answer right from the top. Thus, if there are any great ideas, a decision to support further work on that idea is taken almost instantly.

At Amazon, Jeff Bezos describes his innovation philosophy as follows: "[w]hen they're [Amazon's competitors] in the shower in the morning, they're thinking about how they're going to get ahead of one of their top competitors, [h]ere in the shower, we're thinking about how we are going to invent something on behalf of a customer." (Lashinsky, 2012). This pretty much explains how important innovation is to Amazon.

As mentioned earlier in paragraphs I and II, John Chambers of Cisco has created many programs and changed executive compensation so that risk taking and innovation are promoted and rewarded.

(IV) Sense of Urgency/Fear among the Workforce

This final trait may not be obvious or find wide acceptance among academicians. However, three well known organizations have explicitly practiced this style in past and found success. By sense of urgency/fear it is meant that employees are told (intimated in certain terms) that if the organization does not innovate, there might be no future for the company and of course employment for the workers.

The world's top maker of televisions, smartphones, and memory chips--Samsung--is one organization that deeply believes in this tool as a motivating factor for innovation. Samsung chairman wrote in a book he authored that a successful company needs a "heightened sense of crisis." (Kim, 2012). The current chairman became a chair for the second time in 2010 (he first took over the company in 1987 and stepped down in 2008) and explained his philosophy this way: "[w]e're in a real crisis. Top global companies are reeling and (I'm) not sure what will happen to Samsung. Most products and businesses that represent Samsung today will be gone in 10 years time. We should start again. There's no time to waste." (Kim, 2012). Since then, Samsung has posted record profits each year. This style of management or some may say rhetoric does keep the employees on their toes and force them to come up with new solutions and ideas, but in long run, it may prove counterproductive.

Steve Jobs ran Apple in a similar manner. He created fear in people who did not do their best work and was very forthright in his comments (Chunka, 2011). Success of Apple under Steve Jobs is legendary. The new CEO of Apple is more thoughtful, less critical, and less authoritarian than Jobs.

GE under the leadership of Jack Welch achieved great heights in market value and revenue (Brady, 2012). However, he was considered a very tough leader. He would routinely fire the bottom ten percent of his employees. Welch believed that in order to drive home a point, you do "public hangings." Once he fired a 30-year veteran of GE who also happened to be the head of GE military business—even though the head did not do any wrong—because one of the employees in that unit had been part of a theft scheme. Welch's reasoning was that it did not matter whether the head did not personally do any wrong, somehow under his leadership the organization was put in peril. It underlined Welch's belief that you have to hold the top people accountable so that the underlings follow what is expected of them. Despite his rough and tumble management style, GE continued to grow. However, as with Apple, today GE innovates in a different and more collegial atmosphere.

CONCLUSION

Innovation is difficult to box in a neat package of steps and structures. However, as this paper shows an organization's culture based on (i) happy and motivated employees, (ii) customer focus based on higher calling, (iii) leadership committed to innovation, and (iv) a sense of urgency/fear among the workforce can lead to sustained innovation. These four traits contribute to the literature, because they provide a *specific roadmap* for initiating and or increasing innovation in an organization. It is important to note that, innovation can also come from anywhere, "there is no magic formula," all one can do is keep their eyes and ears open and take decisions which will capitalize on the right idea (Small Business, 2013). However, Einstein stated that "[i]nnovation is not the product of logical thought, although the result is tied to logical structure." (Sharma, 2012). Thus, if an organization has good employees who are compensated well, there is trust and openness, opportunities for learning, good leadership, motivation to do good for the humanity and bit of fear of failure, then there is high likelihood of innovation in that organization. In summary, paying attention to the four critical traits should lead to sustained innovation and success for any organization.

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CROSS-CULTURAL DIFFERENCES IN VALUES AND CONFLICT MANAGEMENT: A COMPARISON OF U.S. AND PUERTO RICO

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ABSTRACT

We examine differences in cultural values and conflict handling styles using samples of business professionals from the U.S. and Puerto Rico (P.R.). An alternative operationalization of preferred conflict handling style is also explored. Using survey methodology, participants completed measures of nine cultural value dimensions and five conflict handling styles. Conflict handling style was indicated two ways: (1) raw score ratings, and (2) dichotomous coding indicating if a given style was preferred or not. These measures yielded substantially different results. When raw score ratings were analyzed, nationality and cultural values had no impact on conflict handling style. In contrast, tests including the dichotomous measure of conflict handling style showed significant effects of both cross-cultural indicators. Compared to the P.R. professionals, the U.S. sample was significantly more likely to prefer the accommodating style. Long-term orientation emerged as the predominant cultural value that related to all conflict handling styles except for compromising. Besides documenting the values and conflict handling style preferences of P.R. professionals, these findings allow a comparison with past research focused primarily on Hispanic-American and Mexican samples to see if collectivism and cooperative conflict management strategies are the norm.

INTRODUCTION

An essential organizational skill for leaders is the ability to manage conflict (Hendel, Fish, & Galon, 2005). However, within the realm of international business, conflict management requires an understanding of multinational and multicultural differences that may increase the likelihood of conflict due to more frequent miscommunications and misunderstandings (e.g., Morris, Williams, Leung, Larrick, Mendoza, Bhatnagar, Li, Kondo, Luo, & Hu, 1998; Tsai & Chi, 2011). To further complicate the matter, once conflict is perceived, the manner in which individuals choose to deal with it varies according to their nationality and culture (e. g., Fisher, 1980; Leung, Bond, Carment, Krishnan, & Liebrand, 1990; Ting-Toomey, Yee-Jung, Shapiro, Garcia, Wright, & Oetzel, 2000; Tse, Francis, & Walls, 1994).

One common line of cross-cultural research in conflict management or resolution includes the comparison of Hispanic and non-Hispanic cultures. Most of this research focuses either on Hispanic-Americans (e.g., Cox, Lobel, & McLeod, 1991; Lind, Huo, & Tyler, 1994) or Mexicans (e.g., Gabrielidis, Stephan, Ybarra, dos Santos Pearson, & Villareal, 1997; Natlandsmyr & Rognes, 1995; Pelled, Xin, & Weiss, 2011; Posthuma, White, Dworkin, Yanez, & Swift, 2006). A better understanding of Hispanic cultures and conflict management is important as, proportionately, Hispanic-Americans have grown to be the largest minority in the United States representing 16.7% of the population (U.S. Census Bureau, 2011). Also, recent trade agreements have prompted a rise in international business involving U.S., Europe, and nations with Hispanic cultures in North, Central and South America. Across these geographic areas, the customs, traditions, and beliefs vary widely depending on the country. The tremendous diversity within the Hispanic population demands considerable caution against labeling and perceiving Hispanics as a single cultural or ethnic group (Baruth & Manning, 1992).

Yet, the empirical research on Hispanic cultural values and conflict management or negotiation tactics points to some consistencies (e.g., Cox et al., 1991; Gabrielidis et al., 1997; Lind et al., 1994); Hispanics are more likely to be collectivists, and collectivists are more likely to prefer conflict handling styles that emphasize concern for the outcome of others (Gabrielidis et al., 2006). In the current study, we compare cultural values and conflict handling style preferences of U.S. and Puerto Rican professionals in an effort to (1) expand the breadth of geographic areas with Hispanic cultures represented in this body of literature, and (2) examine whether previous findings regarding Hispanic cultures also generalize to professionals in this geographic area.

Although Puerto Rico is technically a territory of the U.S., we assert that it has a distinct, homogeneous Hispanic culture that can be distinguished from that of the continental U.S. To further explore culture-based differences between U.S. and Puerto Rican professionals, we consider the role of nine well-recognized cultural dimensions in the management of organization and individual conflict. We expect to find out whether there are any cultural value differences between the U.S. and Puerto Rico, and, if so, what the differences are as they relate to conflict handling preferences.

One final goal of this study is to address methodological issues surrounding the traditional operationalization of preferred conflict handling style using raw score ratings. Raw scores ratings reflect the typical usage of, and not preference for, a given style of conflict management. In an effort to more accurately capture conflict handling style preferences, we examine the usefulness of dichotomous coding (preferred vs. non-preferred style) compared to the raw score ratings.

Culture and Values

Culture is composed of the shared implicit beliefs and tacit values that identify each culture as unique. There are many definitions of culture, similar in nature, yet with some nuances. Culture is the entire set of social norms and responses that condition people's behavior; it is acquired and inculcated, not inherited (Alas, 2006). Culture may also be described as shared motives, values, beliefs, identities and interpretations achieved from the common experience of the group over generations. It is unique to a group, a "collective programming" of the minds of the group members that differentiate it from other groups (Hofstede, 2001; Ma, 2010). Srnka (2004) suggests that culture can be identified at various levels of group size: from family and organization groups, which are narrow microcultures, to broader groups such as nations with similar economic systems, ethnic identities, or religions, the supraculture.

Hofstede (2001) associates culture with values, systems of which are core elements of culture. Values are described as broad tendencies to prefer certain states over others; they are the deepest expressions of culture. Morris *et al.* (1998) assert that "members of the same culture are likely to share a set of values acquired in the process of socialization – values that represent the acceptable modes of conduct in a particular society (p. 731)." Alas (2006) defines values as something explicitly or implicitly desirable to an individual or group that influences attitudes and decisions. Behavior is the final action of the decision-maker. Thus, values, attitudes and behaviors all combine to form an ongoing spiral of culture (Payne & Landry, 2005; Ma, 2010; Taras et al., 2011).

Based on one of the most comprehensive studies of how values in the workplace are influenced by culture, Hofstede's (1980) proposed a set of four cultural values: individualism-collectivism, power distance, uncertainty avoidance and masculinity-femininity. Most of the literature on cross-cultural conflict management emphasizes individualism-collectivism (e.g., Kaushal & Kwantes, 2006; Morris et al., 1998; Ohbuchi & Atsumi, 2010). Other well-established cultural values like long-term orientation and universalism receive considerably less empirical attention. In this effort, we seek to determine how Hofstede's original cultural values, augmented by others found in empirical research, relate to individual styles of conflict management. In total, we address nine cultural value dimensions, the natures and origins of which are subsequently described.

Cultural Value Dimensions

Hofstede (1980; 1991; 2001; Hofstede & Bond, 1988) developed well documented and replicated research on cultural value dimensions. As mentioned previously, the original cultural dimensions included individualism-collectivism, power distance, uncertainty avoidance and masculinity-femininity. Confucian Dynamism, described as a short versus long term orientation and includes the idea of "facework" (Morris *et al.*, 1998), was later added to aid in understanding Asian societal characteristics more fully.

Summarizing the work of Kluckhohn and Strodtbeck (1961), McGuire *et al.* (2006) define five universal value orientations of all cultures, the culture's characteristics. These orientations are related to five questions that all humans in society must answer. First, what is the character of human nature – are people basically good, evil, or some combination? Second, what is the relation of humans to nature and the world surrounding them: are they masters of the universe or do they live in harmony with their environment? Further, the nature of time is a human orientation: does one live in the past, present, or future? The nature of interaction between a person and his environment is also addressed: societies can be designated as doing, being or becoming. Finally, the fifth question relates to our relations with each other as individuals or as part of a larger body, as collectivists.

To examine culture and conflict management style preference, we have used a combination of orientations based on the work of Kluckhohn and Strodtbeck (1961), Hofstede and Hofstede and Bond. These orientations are heterogeneity, doing, determinism, power distance, uncertainty avoidance, individualism, time orientation, "facework," and universalism. McGuire *et al.* (2006), Bowlby, McDermott, and Obar (2011), Lopez, Babin, and Chung (2009), Alas (2006), Soares, Farhangmehr and Shoham (2007), Franke and Nadler (2008) and Taras *et al.* (2011) all present definitional material relevant to this discussion of cultural dimensions.

Heterogeneity refers to the degree to which members of a group can tolerate differences in attitudes among in- and out-group members. If the group prefers similarity in attitudes and approaches, it is a more homogeneously oriented culture. Adaptation to the group's attitudes or behaviors is identifiable with a homogeneous orientation. More heterogeneous cultures may be marked by more creativity, as differences in approach are more readily tolerated or embraced. The individual's right to express his different opinion will be more readily tolerated, as well (Stebbins, 1996; Csikszentmihalyi, 1996).

A culture's view of *doing* versus *being* is related to the degree to which a group embraces accomplishment rather than espousing the values found in leisure and family life. Similar in nature to Alas's (2006) concept of performance orientation, this orientation concerns the encouragement and/or reward for performance improvement or excellence (also cited in Resick, Hanges, Dickson, & Mitchelson, 2006). "Doing" cultures seek to achieve the most in life: more specific time planning can accelerate processes, while "being" cultures want to experience life: exact time planning is not essential.

Determinism is the third cultural dimension used in this research. This dimension encompasses the culture's view of world as fatalistic or "master of destiny." The fatalistic approach is the idea that the world controls the individual's environment. The master of destiny idea, however, is the belief that the individual controls his environment. Another description of this dimension is that it is the extent to which people feel that they control their environment, free will, or that they feel that their environment controls them, determinism (McGuire *et al.*, 2006)

Power distance (Taras *et al.*, 2011) refers to the extent to which those less powerful in an organization expect and accept that power is distributed unevenly (Bowlby *et al.*, 2011). It also encompasses the idea that boundaries between people at different levels within the society or organization are clearer and more firm: lower level employees would be less likely voice opinions in a high power distance culture, for example (Lopez *et al.*, 2009). Power distance measures the extent to which less powerful members of the firm accept an unequal distribution of power. Characteristics of high power distance include the belief held by both superiors and subordinates that bypassing the "boss" is insubordination. The use of titles is more ornate. The use of "gate-keepers" more is more prominent. Low power distance cultures are marked by the expectation that circumventing the superior to get the job done is acceptable. There is less use of titles and there are fewer "gate-keepers."

Uncertainty avoidance measures the extent to which people in a society feel threatened by ambiguous situations. This dimension measures the extent to which members of a culture try to avoid uncertain situations by seeking greater career stability, establishing more formal rules, rejecting deviant ideas/behaviors and accepting the possibility of absolute truths and the attainment of expertise. Members of high uncertainty avoidance cultures are relatively uncomfortable with innovative ideas or behaviors that do not adhere to value norms (Lopez *et al.*, 2009; Alas, 2006; Soares *et al.*, 2007).

Individualism is the idea that the individual character is more assertive, more independent in attitudes and behaviors than members of collectivist cultures (Lopez *et al.*, 2009; Soares *et al.*, 2007; Taras *et al.*, 2011). Individualism is marked by cultures within which people define themselves as individuals. Control is done by internal pressure, i.e., guilt. There is an emphasis on self-respect and individual freedom. On the opposite end of the spectrum, collectivism is characterized by tight social frameworks in which people distinguish between their own groups and other groups, rather than by individual association. Control is accomplished through the use of shame, societal pressure. The emphasis is on fitting in harmoniously and saving face, protecting the collective group.

The seventh cultural dimension is one related to a culture's view of time, with regard to past, present and future orientation (Adler, 1997) and *time orientation* length (Hofstede, 2001). Past oriented cultures believe that plans should be evaluated with regard to fit with customs, traditions, etc. of society. Innovation and change are justified only according to past experience exhibiting that such innovation or change is indeed valuable, necessary or advisable. Future oriented cultures believe that they should evaluate plans with regard to projected future benefits which might accrue the degree to which an organization or society are interested in investing in future projects and/or putting off personal or collective purposes or projects (Alas, 2006). Long-term oriented societies believe in looking towards the future, adopting behavior that will preserve and build future value. Perseverance and thrift are noted as important values in long-term oriented societies (Soares *et al.*, 2007).

Facework has been described as the tendency of a society's members to protect their own egos when interacting with others, at the expense of the others. Bowlby *et al.* (2011) identified the value of "face," the recognition that direct disagreement is not considered harmonious conduct, where harmony is a most important social value. The importance of face-saving in cultures around the world cannot be overlooked (Earley, 1997; Ting-Toomey, 1988; Tung, 1996; Gudykunst, 1997). "Facework is the elaborate communication system that results from the tendency of members of a culture to protect their own and others' egos when communicating. In cultures with high Facework, face is given as well as received, and great effort is spent to care for the face of all parties in communication (McGuire *et al.*, 2006, p. 11)." Generally, individualistic cultures are more interested in saving one's own face, while in collective cultures, saving face of both communicators is valued.

Finally, the ninth cultural dimension upon which this research is based is the concept of *universalism*. This is the degree to which a culture values universal behavior, hypernorms (Resick *et al.*, 2006). Universalistic cultures are more rule-bound and potentially less well equipped to think individualistically about, for example, complex ethical issues or achieving solutions without challenging the rules. "Rule-based conduct has a tendency to resist exceptions that might weaken the rule (Trompenaars, 1993, p. 33)." More particularistic cultures are not so rule-bound and may be better able to "think outside the box" when it comes to making complex decisions. "(B)ehavior, including rule-breaking behavior, is endowed with meaning and regulated by commonsense notions that provide order and regularity (Verkuyten, Rood-Pijpers, Elffers, & Hessing, 1994, p. 490)."

If businesses are to be a success in the international arena, they must examine and understand cultural characteristics as they affect organization and individual behaviors (Franke & Nadler, 2008). In that vein, we extend our discussion of culture and values to address their roles as cultural antecedents that influence the behavioral choices of organizational members who perceive conflict. Next, we describe the concept of conflict in general and address why it is more likely to arise in multinational and multicultural organizations. Then, we review five behavioral styles of handling conflict.

Culture and Conflict

Kaushal and Kwantes (2006) defined conflict, which they assert is a common part of everyone's life, as a perceived incompatibility of interests. Conflict can be attributed to goal dissonance among individuals, as well as to differences in people's motivations and actions. It can also take different forms: differing opinions, "harsh words (p. 580)," or actions to mitigate or remove the dissonance. Further, they assert that conflict comes about as a result of social and personal: how a person, with his own special attributes, traits and characteristics, acts towards different social and personal situations can cause conflict with other/s with different attributes, etc. Yousefi, Hipel and Hegazy (2010) attribute conflict to different objectives, differences in coordination among business associates, poor planning, financial concerns, etc. Ala and McGuire (2005) trace conflict to a disagreement in the goals of each party or an incompatibility of the parties' goals. Further noted, disagreements can be interpersonal, as between individuals, between groups, institutions or societies or even within a single individual. It can result from emotional clashes, interpersonal ones, or substantive difficulties, i.e., where the parties disagree as to substantive issues.

Tsai and Chi (2011) emphasize the need for "a good sense" of working with colleagues from different backgrounds when conflicts arise specifically because of multinational or multicultural cooperation. They note that differences in words, gestures and symbols of all kinds used by individuals to communicate can cause miscomprehension, miscommunication, and misunderstanding. Morris *et al.* (1998) note that miscommunication can be a serious problem, particularly as it relates to negotiators: negotiators from different cultures can easily misinterpret a signal or send an unintended message. Interestingly and to compound the problems, such miscommunications or misunderstandings are not limited to members of cultures which are unfamiliar with each other and the other's culture, but can also be experienced among members of different cultures that are familiar with each other's differences.

Conflict Management: Roots and Styles

Kaushal and Kwantes (2006) suggest that culture provides the setting from which people assess consequences of actions, form understanding of their environment and consider contingencies: it has a strong effect on the person's understanding of what might happen in any given situation. This may be the way that culture affects a conflict management style choice.
Since Blake and Mouton (1964) proposed their framework of conflict management styles, variations of their typology have been offered by Thomas and Kilmann (1974) and Rahim (1983). These models apply similar two-dimensional structures, but offer alternative words for some styles. Here, we use the conflict management style labels developed by Thomas and Kilmann which inclue competing, compromising, collaborating, accommodating, and avoiding. These five styles are arranged along the orthogonal dimensions of assertiveness and cooperativeness. These approaches to conflict management are well-established in the literature concerning cross-cultural differences (McGuire *et al.*, 2006; Bowlby *et al.*, 2011; Tsai & Chi, 2011; Ala & McGuire, 2005). Research suggests that individuals will have a predominant conflict handling style, although they are capable of changing styles in certain situations (Lulofs & Cahn, 2000).

In an effort to make conflict handling styles more relatable for organizational members, common animals have been used to symbolize the distinct characteristics of each style. When conflict arises, Sharks compete, Teddy Bears accommodate, Foxes compromise, Turtles avoid, and Owls collaborate. These characteristics reflect the extent to which each party in the conflict "wins or loses," is assertive and is cooperative.

The first style of conflict management is *competing*. Here, the parties would like to do things their way, without reference/thought/concern to other ways: this is a Shark (Ala & McGuire, 2005). Sharks are assertive and uncooperative and favor an "I win, you lose" approach. They are more likely to force a solution, even if a sacrifice of the relationship is a potential consequence. Bowlby *et al.* (2011) identify characteristics of this style as aggression, an "I win, you lose" style and add that individuals who use this style are apt to be selfish and/or argumentative.

Accommodating, the second style of conflict management, is marked by individuals' attempt to imitate practices of the other party, for example, by learning the local language. These individuals are described as Teddy Bears. Ala and McGuire (2005) further describe Teddy Bears as cooperative but unassertive, willing to neglect their own interests for the interests of others. They value preservation of relationships, want to be liked, and yield to preserve harmony. Bowlby *et al.* (2011) assess the accommodator as acquiescent, adopting the "I lose, you win" style; they are more likely to capitulate and do not want to cause difficulty.

The third style of conflict management is *compromising*, a combination of the first two approaches that is not imperial and yet does not entirely give way to the stronger party's culture. Ala and McGuire liken the person who chooses this approach to a Fox who balances cooperation and assertiveness. The Fox compromises to find solutions that work for everyone, while accepting that each party must give up something. The Fox moderately wants to achieve his own goals, while also preserving relationships. He is willing to sacrifice some personal goals to achieve the common good of conflict resolution for both. Bowlby *et al.* (2011) attributes to the person who is a compromiser a willingness to make trade-offs with the other parties; he would accept an "I win and I lose" conclusion and will be a "wheeler-dealer" to achieve the solution.

Avoiding, the fourth style of conflict management, is to pretend there are no cultural differences. Ala and McGuire (2005) name this person the Turtle, who chooses withdrawal and is neither assertive nor cooperative. The Turtle postpones dealing with the issues by withdrawal (physical or mental). He accepts the risk of sacrificing his own personal goals and relationships to achieve a solution the other party is happy with. Bowlby *et al.* (2011) characterize the cultural avoider as someone who withdraws, takes an "I lose, I lose" attitude through behaviors such as being physically absent or silent.

Finally, *collaborating* is denoted the Owl. Ala and McGuire (2005) ascribe characteristics of assertiveness and cooperation to Owls, who espouse an "I win, You win" solution. Owls want both achievement of their own goals and the preservation of their relationship with the other party. They relieve tension with open discussion of issues and potential solutions and are willing to develop new solutions to problems from what would be a one culture approach. Bowlby *et al.* (2011) describe collaborators as being interested in mutual satisfaction, a "win-win" solution and those who are supportive of both self and the other.

Because culture is reflected in individual perspectives, personality, values, beliefs, and attitudes, culture also influences one's choices or preferences regarding how to resolve conflict

(Triandis, 2000). Collectivist cultures are the norm for more than 70% of the world's population (Triandis, 1994). Generally collectivists tend to prefer behavior that shows concern for others and strengthens relationships, and they are likely to cooperate and consider the needs of others (Leung, 1997).

Most conflict management research that concerns individuals from Hispanic cultures and that is focused outside of the continental U.S. has looked at Mexico (e.g., Adler, Schwartz, & Graham, 1987; Lindsley & Braithwaite, 1996; Posthuma et al., 2006). Although our focus is on Puerto Rico, a review of the findings concerning Mexico is relevant. In the next section, we summarize this research and extend that to a discussion of the current study.

The Current Study

In the current study, we are comparing the cultural values and conflict handling style preferences for U.S. and Puerto Rican professionals. Puerto Rico, a territory of the U.S., is an island that is geographically isolated from the contiguous Unites States; this area is characterized by a predominant Hispanic culture. The term "Hispanic" is broadly used to refer to the culture, peoples, or nations with a historical link to Spain. In the eyes of the U.S. Census Bureau, Hispanics or Latinos can be of any race, any ancestry, any ethnicity, or any country of origin (Passel & Taylor, 2009). Although Hispanic cultures are found in many countries in North, Central and South America, the customs, traditions, and beliefs vary widely depending on the country. If the values of nations with Hispanic cultures differ substantially, then the preferred conflict handling styles may differ as well.

One value appears to unite the Hispanic world, collectivism. High collectivistic values have been found in Guatemala, Ecuador, Panama, Venezuela, Columbia, Costa Rica, Mexico, and Peru (Hofstede, 1991). Hispanic-Americans are also more likely to hold these values (Marin & Triandis, 1985). In collectivist cultures like Mexico, people tend to respect the feelings of others. This is consistent with research that suggests that Mexican negotiators put more emphasis on relationships (Adler et al., 1987), and that Mexicans favor face saving and other indirect forms of conflict resolution (Lindsley & Braithwaite, 1996). In addition, Mexicans are typically not as willing to speak up, question or take risks (Gomez, 2004). Regarding conflict resolution style, Posthuma et al. (2006) found that Mexicans were generally more challenging and less yielding to coworkers compared to Americans. Also, when faced with a contending coworker, Mexicans were more likely to use an accommodating or compromising strategy. These findings provide a great foundation to understanding the cultural value-conflict management link for Mexico, and perhaps Hispanic cultures in general.

Given that line of research has been too geographically focused, and centered mostly on Mexicans, this calls into question the generalizability of previous findings to other nations rooted in Hispanic culture. Therefore, we seek to expand the current knowledge of Hispanic cultural values and conflict handling style preferences to include that of professionals that reside and work in Puerto Rico. Besides documenting differences between U.S. and Puerto Rican professionals, this study also allows us to draw conclusions regarding the consistency of our results with previous findings for Hispanic cultures located elsewhere.

One final goal of this study concerns how conflict handling style is measured. As previously discussed, our framework for conflict handling style is based on Thomas and Kilmann's (1974) 'dual-concern' model of conflict resolution styles. Traditionally, when investigators examine cross-cultural differences in conflict management style preferences, they test between-group differences in the raw score ratings on a given style. This operationalization does not accurately reflect a person's preferred style, but rather represents the degree of usage of a style. Given that most individuals have a predominant or preferred conflict handling style (Lulofs & Cahn, 2000), a more appropriate operationalization of conflict handling style preference would indicate whether a given style is, in fact, a person's most utilized style when compared to available alternative styles. In that effort, we examine the relative usefulness of a dichotomous scoring method that indicates whether a given conflict handling style is an individual's preferred or non-preferred approach. We expect that the difference in usage of versus preference for a conflict handling style will matter, although we offer no formal hypothesis regarding those expected differences.

Following the previous discussion, we offer these hypotheses:

H1: Business professionals in the United States and Puerto Rico will differ across cultural values.

H2: Business professionals in the United States and Puerto Rico will differ across conflict handling style.

H3: Cultural values will be associated with conflict handling style.

METHOD

Participants

Two convenience samples of participants were recruited from executive MBA students from a university in a large Southern city in the U.S. Sample sizes for the U.S. and Puerto Rican group were 66 (56.4%) and 51 (43.6%), respectively. In the U.S. sample, the subjects were 47% male and 53% female with an average age of 35.9 with 15.4 years of working experience and 6.5 years in management position. In the Puerto Rican sample, the subjects were 65% male and 35% female with an average age of 34.5 with 13.7 years of working experience and 6.5 years in management position. All participants resided in their respective country of origin.

Instruments

Conflict Handling Style. Conflict Handling Mode was assessed using the Thomas Kilmann Conflict Mode Instrument (Thomas & Kilmann, 1974). The instrument assesses respondents' tendencies to handle conflict in five different ways: competing, compromising, collaborating, accommodating, and avoiding. Scores on each dimension range from 0 (very low use) to 12 (very high use). Using the continuous scores on the five behavioral styles, conflict handling mode was operationalized in two ways. First, the raw scores were interpreted as the tendency to use a given conflict handling mode with higher scores indicating a greater usage. Second, by ordering a respondent's scores on the five conflict modes from high to low, the resulting score profile reveals the preferred style or the one that will most likely be used when conflict is perceived. For each style, we used dichotomous codes to indicate whether it was participants' preferred (1) or non-preferred (0) approach. Approximately 86% of participants preferred one conflict handling style about the rest. For 16 participants, a tie for the highest score was observed among two or three conflict handling styles. In those instances, participants received a "preferred" coding for more than one style.

Cultural Values. Cultural Values were assessed using an instrument adopted from a Brenner and McGuire (2003; McGuire et al., 2006) study. The instrument is a 150-item self-report questionnaire on cultural values and beliefs. Items were developed based on qualitative research on culture, or taken directly or adapted from existing, validated culture surveys. Brenner and McGuire (2003) found evidence of the Cultural Values Instrument's scale reliability and construct validity on a sample of American respondents. Respondents indicated their agreement to statements about their ideal job and their values and beliefs using 7-point agreement scales.

RESULTS

Prior to tests of the three hypotheses, correlational analysis was used to assess relationships between the gender, age, and work experience of participants and the main study variables. In general, these demographic variables were unrelated to cultural values and conflict handling styles with the following exceptions. The cultural value *doing* was negatively related to age (r = -.19; p = .04) and work experience (r = -.19; p = .04), and *universalism* was directly related to work experience (r = .18; p = .05). Gender was related to *power distance* (r = -.19; p = .04) and *individualism* (r = .25; p = .01) such that females rated lower on power distance and higher on individualism compared to males. Due to an overall lack of influence, gender, age, and work experience were not used as control variables during hypothesis testing.

The first two hypotheses concern differences between two groups (i.e., U.S. and Puerto Rico) on the primary study variables, cultural values (H1) and conflict handling style (H2). The final hypothesis (H3) addresses the expected relationships between cultural values and conflict handling style. Because conflict handling style was operationalized two ways, as continuous raw score ratings and as dichotomous preferred or non-preferred codes, H2 and H3 were tested twice using the alternative measures of conflict handling style. The level of significance is .05 for all statistical tests.

Table 1
MANOVA Results for National Origin and National Culture Dimensions

Cultural Value		*M (SD)*	*F*
Heterogeneity	US[a]	3.98 (.61)	*F* (1,115) = 1.44, *p* = .23
	PR[b]	3.84 (.56)	
	Total[c]	3.92 (.59)	
Doing	US[a]	**4.48 (.45)**	*F* (1,115) = 3.85, *p* = .05
	PR[b]	**4.33 (.36)**	
	Total[c]	4.42 (.42)	
Determinism	US[a]	2.51 (.80)	*F* (1,115) =.16, *p* = .70
	PR[b]	2.56 (.65)	
	Total[c]	2.53 (.73)	
Power Distance	US[a]	3.77 (.59)	*F* (1,115) = 2.08, *p* = .15
	PR[b]	3.59 (.71)	
	Total[c]	3.69 (.65)	
Uncertainty Avoidance	US[a]	4.22 (.59)	*F* (1,115) = .24, *p* = .63
	PR[b]	4.27 (.50)	
	Total[c]	4.25 (.55)	
Individualism	US[a]	**3.98 (.50)**	*F* (1,115) = 4.28, *p* = .04
	PR[b]	**3.81 (.38)**	
	Total[c]	3.91 (.46)	
LTO	US[a]	**4.77 (.64)**	*F* (1,115) = 4.44, *p* = .04
	PR[b]	**4.52 (.65)**	
	Total[c]	4.66 (.65)	
Facework	US[a]	4.29 (.45)	*F* (1,115) = .67, *p* = .42
	PR[b]	4.22 (.50)	
	Total[c]	4.26 (.47)	
Universalism	US[a]	5.15 (.69)	*F* (1,115) = 1.87, *p* = .17
	PR[b]	4.99 (.59)	
	Total[c]	5.08 (.65)	

Notes. LTO = Long-term Orientation; Within each cell, means that significantly differ appear in bold ($p < .05$).
[a] N = 66; [b] N = 51; [c] N = 117.

Consistent with H1, MANOVA analysis testing the effect of nation origin on cultural value differences was significant (Pillai's Trace = .17, F (9,107) = 2.49, p = .01). Results of one-way ANOVAs (See Table 1) indicated that the respondents from the U.S. and the Puerto Rico samples are different on three of the nine cultural value dimensions, *doing* (F (1,115) = 3.85, p = .05), *individualism* (F (1,115) = 4.28, p = .04), and *long-term orientation* (F (1,115) = 4.44, p = .04). For these cultural values, the U.S. sample scored higher, on average, than the Puerto Rican sample which implies that the professionals in the continental U.S. have a more doing attitude, are more individualistic, and are more long-term oriented than the professionals in Puerto Rico.

To assess whether national differences in conflict handling styles exist, H2 was first tested using the raw score ratings on each of the five conflict handling styles, competing, compromising, collaborating, accommodating and avoiding. MANOVA analysis revealed that ratings differences across the conflict handling styles were not explained by the national origin of respondents (Pillai's

Trace = .02; F (5,111) = .47, p = .80). A series of one-way ANOVA tests showed no significant group differences across any of the 5 conflict handling styles (See Table 2). In fact, the average responses for U.S. and Puerto Rican groups varied by less than .5 across the five styles.

Table 2
Influence of National Origin on Conflict Handling Style Ratings

Conflict Handling Style		*M (SD)*	*F*
Compete	US[a]	5.23 (2.84)	F (1,115) = .56, p = .46
	PR[b]	5.59 (2.24)	
	Total[c]	5.38 (2.59)	
Compromise	US[a]	7.77(1.96)	F (1, 115) = .18, p = .67
	PR[b]	7.94 (2.32)	
	Total[c]	7.84 (2.11)	
Collaborate	US[a]	5.77 (2.38)	F (1,115) = .48, p = .49
	PR[b]	6.06 (1.96)	
	Total[c]	5.90 (2.20)	
Accommodate	US[a]	5.09 (2.04)	F (1, 115) = 1.23, p = .27
	PR[b]	4.67 (2.06)	
	Total[c]	4.91 (2.05)	
Avoid	US[a]	6.07 (2.48)	F (1, 115) = .92, p = .34
	PR[b]	5.65 (2.30)	
	Total[c]	5.89 (2.40)	

[a] N = 62; [b] N = 47; [c] N = 109

In an alternative test of H2, we examined whether national origin explains differences in participants' preferred conflict handling styles (See Table 3). Within the sample of U.S. professionals, almost half preferred the compromising style (45.16%). The next most preferred style was avoiding (30.64%) followed by competing (17.74%), accommodating (12.90%), and collaborating (11.29%). The majority of Puerto Rican professionals preferred the compromising style (61.70%). Their next most preferred style was competing (21.27%), followed by avoiding (14.89%), collaborating (12.76%), and accommodating (2.13%). Table 3 shows the results of chi-square tests of independence conducted to determine whether national origin is associated with a preference for a given conflict handling style. Contrary to our first test H2, national origin was associated with significant differences in one's preference for the *accommodating* style of handling conflict. U.S. professionals were six times more likely to prefer this approach compared to P.R. professionals. In addition, the results regarding the *avoiding* style (p = .06) and the *compromising* style (p = .09) were marginally significant. The U.S. professionals were twice as likely to prefer an *avoiding* approach compared to those from Puerto Rico; however, the Puerto Rican professionals were 1.37 times more likely to prefer the *compromising* approach.

Table 3 Relationship between National Origin and Preferred Conflict Handling Styles		Preferred		Not Preferred		
Conflict Handling Style		*n*	%	*n*	%	χ^2
Compete	US[a]	11	17.74	51	82.26	χ^2 (1) = .21, p = .64
	PR[b]	10	21.27	37	78.72	
	Total[c]	21	19.27	88	80.73	
Compromise	US[a]	28	45.16	34	54.84	χ^2 (1) = 2.93, p = .09
	PR[b]	29	61.70	18	38.30	
	Total[c]	57	52.29	52	47.71	
Collaborate	US[a]	7	11.29	55	88.71	χ^2 (1) = .05, p = .81
	PR[b]	6	12.76	41	87.23	
	Total[c]	13	11.93	96	88.07	
Accommodate	US[a]	8	12.90	54	87.10	χ^2 (1) = 4.10, p = .04
	PR[b]	1	2.13	46	97.87	
	Total[c]	9	8.26	100	91.74	
Avoid	US[a]	19	30.64	43	69.35	χ^2 (1) = 3.65, p = .06
	PR[b]	7	14.89	40	85.11	
	Total[c]	26	23.85	83	76.15	

[a] N = 62; [b] N = 47; [c] N = 109

To assess whether cultural values are linked to conflict handling style, H3 was tested by first correlating the nine cultural values with the raw score ratings for the five conflict handling styles (See Table 4). The results overwhelming suggest that there is no relationship between cultural values and conflict handling style. Of the 45 correlations, only one between the cultural value *universalism* and the *accommodating* conflict handling style were significantly related (r = -.32; p < .01).

Table 4
Correlations between Cultural Values and Conflict Handling Style Ratings

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Heterogeneity	--													
2. Doing	-.22*	--												
3. Determinism	-.46*	.03	--											
4. Power Distance	-.45*	.21*	.32	--										
5. UA	-.20*	.14	-.01	.15	--									
6. Individualism	.51*	-.15	-.15	-.37*	-.22*	--								
7. LTO	.11	.03	-.17	-.07	.11	-.03	--							
8. Facework	-.26*	.11	.28*	.34*	-.04	-.18	-.08	--						
9. Universalism	.29*	.06	-.32*	-.11	.12	.11	.11	-.29*	--					
10. Compete	-.01	.17	-.07	.05	-.04	.11	-.15	-.02	.06	--				
11. Compromise	-.00	-.01	-.04	.14	.12	-.02	-.06	-.05	.13	-.36*	--			
12. Collaborate	.17	-.08	-.04	-.12	.02	.05	.05	-.07	.16	-.04	-.01	--		
13. Accommodate	-.10	.01	.13	-.03	-.10	-.09	.09	.16	-.32*	-.44*	-.21*	-.37*	--	
14. Avoid	-.04	-.09	.02	-.05	.00	-.07	.10	-.02	-.06	-.34*	-.31*	-.54*	.15	--

Note. UA = Uncertainty Avoidance; LTO = Long-term Orientation. N = 117
* $p \leq .05$

Using the dichotomous measure of preferred conflict handling style, we conducted a second test of H3. By running a series of one-way ANOVAs, average ratings across nine cultural values were statistically compared for professionals who preferred a given style versus those who preferred a different style (See Table 5). Interestingly, mean ratings of the cultural value *long-term orientation* differed significantly for the preferred and non-preferred style groups on four of the five conflict handling styles. Higher levels of long-term orientation were associated with professionals who preferred a *collaborating* (F (1, 115) = 5.80; p = .02), *accommodating* (F (1, 115) = 4.38; p = .04), or *avoiding* (F (1, 115) = 5.07; p = .03) approach, and who did not prefer a *competing* style (F (1, 115) = 6.72; p = .01).

The results indicated that two other cultural values were related to certain conflict handling style preferences. The cultural value *universalism* was significantly higher for participants who preferred a *collaborating* style of handling conflict (F (1, 115) = 4.78; p = .03). Although the effect was marginally significant, professionals who preferred the *accommodating* style reported significantly lower levels of the value *uncertainty avoidance* compared to those who did not prefer this style (F (1, 115) = 2.14; p = .06).

Table 5
Relationship between Cultural Values and Preferred Conflict Handling Style

Cultural Values		Compete M (SD)	Compromise M (SD)	Collaborate M (SD)	Accommodate M (SD)	Avoid M (SD)
Heterogeneity	Prefer	3.90 (.60)	3.87 (.56)	4.16 (.74)	3.81 (.62)	3.92 (.60)
	Other	3.92 (.59)	3.97 (.63)	3.89 (.57)	3.93 (.59)	3.92 (.59)
Doing	Prefer	4.41 (.51)	4.42 (.42)	4.50 (.25)	4.51 (.39)	4.43 (.48)
	Other	4.41 (.40)	4.41 (.43)	4.41 (.44)	4.41 (.43)	4.41 (.41)
Determinism	Prefer	2.54 (.59)	2.60 (.73)	2.34 (.69)	2.54 (.80)	2.54 (.88)
	Other	2.53 (.77)	2.45 (.74)	2.56 (.74)	2.53 (.73)	2.53 (.69)
Power Distance	Prefer	3.63 (.73)	3.74 (.66)	3.62 (.52)	3.64 (.65)	3.72 (.59)
	Other	3.71 (.63)	3.63 (.63)	3.70 (.66)	3.70 (.65)	3.68 (.67)
Uncertainty Avoidance	Prefer	4.15 (.51)	4.31 (.54)	4.37 (.75)	3.91 (.46)	4.16 (.58)
	Other	4.27 (.56)	4.17 (.56)	4.23 (.52)	4.26 (.55)	4.27 (.54)
Individualism	Prefer	4.00 (.41)	3.88 (.49)	3.91 (.13)	3.78 (.59)	3.89 (.37)
	Other	3.88 (.47)	3.93 (.44)	3.91 (.46)	3.92 (.45)	3.91 (.46)
LTO	Prefer	**4.34 (.55)**	4.59 (.63)	**5.05 (.72)**	**5.09 (.82)**	**4.90 (.63)**
	Other	**4.73 (.66)**	4.73 (.68)	**4.61 (.63)**	**4.62 (.63)**	**4.58 (.65)**
Facework	Prefer	4.35 (.10)	4.29 (.51)	4.08 (.51)	4.32 (.32)	4.22 (.44)
	Other	4.24 (.05)	4.24 (.43)	4.29 (.46)	4.26 (.48)	4.28 (.48)
Universalism	Prefer	5.02 (.46)	5.12 (.66)	**5.43 (84)**	4.78 (.75)	5.09 (.71)
	Other	5.09 (.69)	5.03 (.65)	**5.03 (.61)**	5.11 (.64)	5.08 (.64)

Notes. Within each cell, means that significantly differ appear in bold (p < .05).
N = 116

DISCUSSION

In this study, we examined cross-cultural differences in the cultural values and conflict handling styles for working professionals in the continental U.S. and Puerto Rico. Tests of H1 suggest that U.S. and Puerto Rican cultures do, in fact, differ on three cultural values, *doing*, *individualism*, and *long-term orientation* with U.S. professionals scoring significantly higher in those areas. Next, we considered whether national origin and cultural values can explain differences in how business professionals approach conflict.

The distinction between usage of a conflict handling style (indicated by raw scores) versus the preference for that approach (indicated by dichotomous prefer/not prefer codes) appears to be an important one. The results and conclusions regarding H2 and H3 varied greatly depending on which method was used to operationalize conflict handling style. Results based on the continuous measures suggest that, among these two groups, national origin does not lead to distinguishable differences in the usage of various conflict handling styles and neither do cultural values. Based on this evidence, one might conclude that the cultural differences that have distinguished Puerto Rico's unique culture from traditional American culture are being minimized as the cultural gap closes.

When considering professionals' preferred conflict handling style, the cultural gap was readily apparent. The results provide confirmatory evidence that national origin and cultural values do, in fact, influence one's preferred conflict handling style. National origin significantly related to preferences for an *accommodating* approach, and showed marginally significant effects for *avoiding* and *compromising*. The distribution of the professionals' preferences across the conflict handling styles varied as well. For example, the majority (60%) of professionals in the Puerto Rican sample preferred the *compromising* approach, whereas none of the five styles emerged as the preferred approach for the majority of U.S. professionals. Compromising was the most preferred type among U.S. professionals (45%), but, overall, their preferred conflict handling style was more widely distributed across the five approaches. We are hesitant to assert that the dichotomous coding of preferred style is better than the continuous raw score ratings. However, our findings suggest that the operationalization dramatically affects the conclusions drawn. The primary issue is whether these raw score ratings really represent conflict handling style preferences, or if they are more representative of the usage of a style, which is arguably not the same as a style preference. More research demonstrating differences between these two methods of operationalization, or simply replicating the current findings, is needed.

Of the nine cultural values we considered, *long-term orientation* emerged as the value that matters most in explaining conflict handling style preferences for all approaches except *compromising*. National differences in long-term orientation were observed as the U.S. group scored significantly higher on this value compared to the Puerto Rican group. These results are surprising in two ways. First, long-term orientation is one of the least researched cultural values in the conflict management literature, yet our findings reveal that it is the most influential variable for distinguishing between these two groups and for influencing most conflict handling style preferences. Because long-term orientation has been rarely included in this line of research, it is unclear whether the link between this value and preferred conflict handling style is unique to Puerto Rico, or whether this could be replicated in other Hispanic cultures. Future research on cross-cultural conflict management should definitely include this largely unexplored cultural value.

The cultural value *individualism-collectivism* tends to be the gold standard for mirroring cross-national and cross-cultural differences (e.g., Kim, Triandis, Kagitcibasi, Choi, & Yoon, 1994; Triandis, 1989; Zha, Walczyk, Griffith-Ross, Tobacyk, & Walczyk, 2006), and previous research has shown a consistent impact of this value on conflict handling style choices (e.g., Kaushal & Kwantes, 2006; Morris et al., 1998; Ohbuchi & Atsumi, 2010). However, this finding was not replicated in our comparison of U.S. and Puerto Rican professionals. Although the U.S. sample was significantly more individualistic compared to the Puerto Rican sample, this cultural value did not significantly impact conflict handling style, regardless of the manner in which it was operationalized. Our findings suggest that the cultural drivers of conflict management may vary across areas characterized by predominantly Hispanic cultures.

LIMITATIONS

Limitations to this research are several. Regarding conflict handling style, we measured self-reported behavioral intentions and tendencies rather than actual behavior. One advantage to measuring intentions rather than real-world behavior is that it standardizes the context by removing consequences of the decision and social influences like peer pressure. However, hypothetical decisions lack real world consequences and may not be wholly representative of what business professionals would do on the job.

A small sample size is another issue, and the number of countries considered is limited to two, as we have only the U. S. and Puerto Rico, which are arguably not even two countries. Thus, it may be difficult to say with any degree of certainty that cultural characteristics of the two regions within the U. S. are responsible for "national" differences in how residents approach and manage conflict. It is also possible that the respondents to the surveys answered in terms of behavior that is laudable or expected in the workplace: they may have altered responses based on what they thought people would believe is the "right" way to handle the conflict, rather than what they themselves would or would not do in any given situation.

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SUSTAINABILITY PROGRAM LEADERSHIP FOR HUMAN RESOURCE DEVELOPMENT PROFESSIONALS: A COMPETENCY MODEL

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INTRODUCTION

Over the past few years, in the midst of the economic downturn, companies struggled for survival, making many difficult decisions concerning how to leverage financial, physical, and human capital for competitive advantage. One of the interesting trends is the business-driven advancement of sustainable development activities within organizations. Sustainable development is defined as, “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987).

While regulatory efforts to dictate business practices largely fell flat with the denial of passage of the Copenhagen measures and Cap and Trade policies, the amount of business activity and the number of innovative business programs in the area of sustainability development at the organization level is promising. From SAP to Coca Cola, organizations are designing new systems and processes to harness new green technologies. According to Peter Graf, Chief Sustainability Development Officer for SAP, “Sustainability is alive and kicking. It is not because of climate change. There is money to be made and money to be saved.” The economic value of sustainable development is supported by a survey that shows companies with sustainability-focused companies outperformed peers across industrial sectors (A.T. Kearney, 2008).

While a positive financial implication drives interest in sustainability, there are other social and environmental reasons for inquiry in the topic. From human resource development perspective this topic is important as scholarship calls for a greater focus on social responsibility and ecological sustainability (Bierma & D’Abundo, 2004). Critical human resources development is promoting research in this area, challenging an increased focus and attention on power relations, equity, social justice, and reflexivity in HRD (Corley & Eades, 2006; Elliott & Turnball, 2005; Fenwick, 2005; Valentin, 2006). Further, Sambrook (2003) offers the idea that as the critical stream of HRD matures, the role of HRD will increase in the promotion of corporate social responsibility in transforming workplaces into democratic workplaces for employees.

The 2007 Green Workplace Survey conducted by the Society for Human Resource Management reported that 50% of respondents reported either a formal (written) or informal environmental policy in place within their organizations. Further, the study revealed several perceive positive outcomes of those instituted programs, including improved employee morale, a stronger public image, and increased consumer confidence (SHRM, 2007).

Researchers and practitioners are in the beginning stages of defining the roles that human resource development will play in fostering sustainability within organizations. One of the key are roles was noted by Hitchcock and Willard when they point out, “Sustainability is at its core an issue requiring organizational change cultural change” (2006). Certainly human resource development professionals are positioned to support this activity, although little direction in the literature exists to strongly connect this relationship.

I propose that the development of a sustainability leadership competency model for human resource managers would contribute to both the knowledge base of human resource development scholars and professionals for this topic. Constructing a model of the desired competencies sets the stage for further analysis of the learning needs of employees, a good initial step for many organizations in the move toward becoming a sustainability-focused enterprise.

The competency model is two-tiered. First, using support from the literature I will broadly describe competencies needed at the employee level. Second, I will synthesize the competencies into an overall model that can be used for further inquiry and development.

This article adds to the literature stream by focusing on two primary research questions:

(1) What are the sustainability leadership competencies required of employees to prepare them for leadership roles in organizations with sustainable development as a business strategy?
(2) What are emerging roles and challenges for human resource development professionals in leading the “people-side” of sustainable development efforts within organizations with sustainable development as a business strategy?

METHODOLOGY

This paper examines the theoretic literature relating to human resource development, sustainability, and competency development. I conducted literature searches using the terms human resources development and sustainability, and competency development best practices; via the database EBSCO host, including Academic Search Premier, Business Source Premier, Green File, Master File Premier, and the Psychological and Behavioral Science Collection databases from 2000 to 2013 to determine current research in these areas. In addition to the database searches, I also searched manually using Internet search engines such as Google Scholar, Good Advanced, and Bing.

I summarized relevant articles, including suggested linkage of findings to desired state of sustainability-related human resources practices. From this data, I constructed a Sustainability Leadership Competency model for human resource professionals.

To develop the Sustainability Leadership Competency Model, we engaged in a multi-step model as recommended in the literature (Campion, Fink, Ruggerberg, Carr, Phillips, & Odman, 2011; Marelli, Tondora, & Hoge, 2005; McClelland, 1973). First, I defined the objectives for the model which are (1) create a common vocabulary among human resource development practitioners about sustainability and requisite knowledge and skills, (2) provide a structure for competency development, and (3) inform organizational leaders about emerging professional practice issues.

Next, using existing competencies gleaned from the literature, I defined four critical areas of focus areas create the Sustainability Leadership Competency Model (see Chart 1). These critical areas of focus including (a) sustainable culture strategic visioning, (b) systems alignment, (c) measurement and metrics, and (d) employee engagement. Several distinct, but related competencies comprise each major focus area. Guidelines suggest that manageable competency models consist of twenty or less competencies (Campion et.al, 2011). For the Sustainability Leadership Competency model, I included twelve competencies.

FOUR CRITICAL FACTORS FOR SUSTAINABILITY PROGRAM LEADERSHIP

Ulrich (1997) suggested that human resource development performs four roles within an organization. These roles are (a) strategic partner, (b) administrative expert, (c) change agent, and (d) employee champion. My research indicates that these roles should be altered slightly with a directed purpose for sustainability program leadership. In this section I propose four critical roles comprised of competencies identified from the literature.

As sustainability moves to the forefront of organizational initiatives, organizational leaders must understand the stakeholder expectations for the efforts. Garavan and McGuire (2010) argue that human resource development must focus on the “triple bottom line” of the organization that includes economic, social, and environmental outcomes. There are new pressures on the organization to move beyond economic results to focus on social and environmental outcomes. Major stakeholder groups influencing the adoption of sustainability programs include investors, the environment, employees (both current and future), customers, suppliers, communities, and governments (Institute for Responsible Investment, 2010). The unique issues and requirements of these stakeholders is key to program design, implementation, and maintenance. Competencies needed for accomplishing this first major factor of Sustainability Strategic Vision include ecological competence, business acumen, strategic planning, and change management.

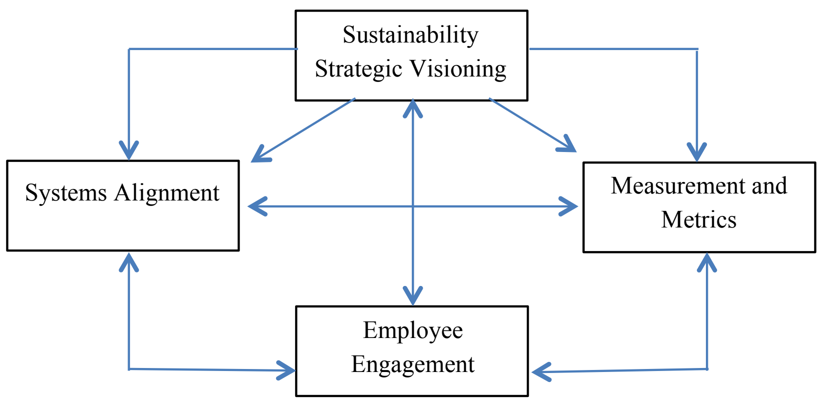
Ecological competence is the basic knowledge about the key issues in sustainability and includes an understanding of meanings and terms. Despite a now common usage of the term sustainability, differences in the definition and purpose of programming exist (Fenwick & Bierema, 2008). A broad base of knowledge about the economic, environmental, and social threats to society can help the sustainability program leader inform the organization in practical program integration and application (Pless, Maak, & Stahl, 2012). *Business acumen competence* refers to the awareness of business necessities in the environment, in particular the stakeholder requirements regarding sustainability (Ulrich & Brockbank, 2005*).* The business environment implications, and in particular, understanding of stakeholder interest are key for advocating and promoting sustainability throughout the systems of the organization. *Strategic planning competence* involves collaboration with others to create ideas for the direction and activities of a new business (Garavan, 2007; MacKay & McKieran, 2004); Pepper & Wildy, 2008*).* A clear understanding of the mission of the organization, as well as the objectives of the sustainability initiatives must drive culture change. *Change management competence* refers to the ability to shepherd initiatives to take people and organizations from a current state to a desired state (Lee, 2008; Ulrich & Beatty, 2001).

The second major critical factor is Systems Alignment and includes innovation, justice, advocacy, and needs analysis competencies. *Innovation competence* refers to enacting new ways of doing things to support the culture change practices (Cramer & Karabell, 2010; Steger, 2000).

The changes required by the introduction of the new programs requires creativity and "out of the box thinking." *Advocacy competence* involves communicating and advocating with senior management the link between employee development and sustainability efforts (Fenwick & Beirna, 2008). *Needs analysis competence* is utilizing appropriate methods to break down process or jobs to support design efforts for sustainability efforts (Jackson & Seo, 2010).

Employee Engagement is the third major critical factor and consists of supportive communication, credible activism, human resource-line partnering and emerging communication technology competencies. *Supportive communication competence* is the willingness to listen to audiences with varied opinions and motivations (Cramer & Karabell, 2010*). Credible activism competence* is the ability to persuade employees and upper management regarding the importance of sustainability (Ulrich, Brockbank, Johnson, Sandholz & Younger, 2008). *Human Resources-Line Partnering Competence* supports the managers with daily and consistent communication and support to reinforce culture change (Ramus & Steger, 2000; Colbert & Kuruez, 2007; Dubois, Dubois & Astakhova, 2011). *Emerging communication technologies competence* is using new computer technologies such as applications and social networking to communicate information regarding sustainability to the employee level (SHRM, 2011).

Chart 1. Sustainability Leadership Competency Model



The fourth major critical factor area is Measurement and Metrics. This area focuses on deploying knowledge management, needs analysis, and reporting processes to create needed information for formal communication to stakeholders. CorporateRegister.com, a repository for corporate and social responsibility reports, of which sustainability is a subset, reported an increase from 26 reports in 1992 to over 3,000 in 2008. Apotheker (2010) reported that 80% of Fortune 250 companies formally report sustainability performance. Included in the factor are reporting, knowledge management, and needs analysis competencies. *Reporting competence* prepares reports to stakeholder groups that describe organizational efforts in a systematic, databased format (Institute for Responsible Development, 2010). *Knowledge management competence* is the ability to gather and deploy information in meaningful ways to support change efforts (Nahapier &Ghoshal, 1998*). Needs analysis competence* is the ability to use appropriate methods to break down processes or work to support design initiatives for sustainability efforts (Jackson & Seo, 2010).

Table 1. Sustainability Leadership Competencies for Human Resources Development in the Literature

Competency	Description/Linkage	Literature Support
Business Acumen	Aware of business necessities in the environment; Understand external stakeholder requirements regarding CSR and sustainability	Ulrich & Brockbank (2005)
Credible Activism	Ability to persuade employees and upper management regarding importance of sustainability	Ulrich, Brockbank, Johnson, Sandholz & Younger (2008)
HR-Line Partnering	Supports line managers with daily and consistent communication and support to reinforce critical culture change	Ramus & Steger (2000); Colbert & Kuruez (2007); Dubois, Dubois & Astakhova (2011).
Emerging Communication Technologies	Utilizes new computer technologies such as social networking to communicate information regarding CSR and sustainability at the employee level	SHRM (2011)
Supportive Communication	Willing to listen to diverse audiences with varied opinions and motivation	Cramer & Karabell (2010)
Strategic Planning	Collaborates with others to create ideas for the direction and activities of a business	Pepper & Wildy (2008); MacKay & McKieran (2004); Garavan (2007)
Change Management	Is able to shepherd initiatives to take people and organizations from a current state to a desired state	Lee (2008), Ulrich & Beatty (2001),
Ecological Competence	Basic knowledge about the key issues in CSR and Sustainability	Fenwick & Bierna (2008)
Advocacy	Advocate linkage between employee development, organizational development and CSR/Sustainability efforts	Fenwick & Bierna (2008)
Innovation	Supports culture for change practices	Cramer & Karabell (2010); Steger (2000); Cook & Saine (2010)
Reporting	pPepares reports to stakeholder groups that describe organizational efforts in a systematic, data-based format	Institute for Responsible Reporting (2010)
Knowledge Management	Ability to gather and deploy information in meaningful ways to support change efforts	Nahapiet & Ghoshal (1998)
Needs Analysis	Can utilize appropriate methods to break down process or jobs to support design process for sustainability efforts	Jackson & Seo (2010)
Taking Initiative	Acts in a proactive manner to solve problems or recommend improvements without prompts	Wiek, et.al, (2011); Sipos, et. al (2008); Rowe (2007); Ones & Dilchert (2010)

IMPLICATIONS FOR PRACTICE

There are three main contributions this study makes to the human resources development literature. First, the issue of sustainability has been identified as a megatrend (Lubin & Esty, 2010) and will continue to gain prominence in business, organizational behavior, and education study. This offers challenging and exciting possibilities for the intersection of adult learning and corporate responsibility issues. This is an area that is emerging as an issue in the literature and more inquiry is needed to develop needed depth and breadth.

The literature reveals that human resources has largely taken a supportive role, if any role at all, in sustainability and corporate and social responsibility initiatives in most organizations. The skills that are needed to prepare employees, and indeed the organization, for sustainability and corporate and social responsibility initiatives are aligned with many of the typical functions associated with strategic human resource management. The impetus is on the human resources function to gain the knowledge, skills and abilities needed for enhanced roles in this sense. Rather than lagging behind the effort, the human resources function can play a strategic role in program design and development.

Second, the article extends the literature by suggesting that in addition to the "typical" strategic skills roles involved in cultural change activities, human resources professionals often serve in key roles as reporters of the information. To fully engage in those activities, new skills are needed about how to properly report the information. Further, as these reports tend to be data-intensive, human resources development professionals must align systems in ways that allow for the collection of both qualitative and quantitative data. They must understand what the goals of the various stakeholders are with regard to sustainability and be able to present information that can be benchmarked on an on-going basis. To do this, human resources professionals must possess a deeper understanding of the sustainability reporting requirements, directing development to meet the needs of the stakeholders. Further inquiry is needed in the literature to identify best practices.

Finally, as organizations build programs for the future, human resources development practitioners are positioned to play significant roles in these efforts through training and organizational development efforts. For example, employees at all levels will need specific training to support the culture change, beginning with program leaders. Human Resources processes such as recruitment, selection, performance management, rewards, and recognition must also integrate the new competencies into the cultural tapestry. The Sustainability Leadership Competency Model can be used as the foundation these items and is a good starting point for organizational conversations on the topic.

Overall, it seems clear that human resources role in sustainability is gaining interest in the literature and practice moving away from low participation and toward strategic leadership. As this happens, more information on how to organize and structure sustainability initiatives will be needed. The Sustainability Leadership Model provides useful information in this endeavor to help human resource development professionals advance the efforts of sustainability within contemporary organizations.

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THE ROLE OF EMPLOYEE SERVICE ORIENTATION IN TURNOVER IN THE U.S. HOTEL INDUSTRY

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ABSTRACT

High turnover in the hotel industry is an ongoing and important issue for the hotel industry. Turnover costs accrue to hotels from a variety of sources. Loss of experienced employees lowers the level of organizational knowledge among the staff thereby increasing the risk of not providing a consistent and high quality customer experience. This may result in decreasing brand image and brand loyalty. Thus, an understanding of the antecedents of turnover, both individual and organizational, in the hotel industry is important to reduce turnover with respect to the organization as well the intent to leave the hospitality industry.

This exploratory study investigates an individual antecedent of turnover intention, employee service orientation, to empirically test a model linking service orientation to the traditional constructs commonly studied in relation to turnover intention including the employee job satisfaction, employee commitment to the organization and employee intention to leave the organization or leave the hotel industry. Partial Least Squares analysis was performed on a turnover model using responses from 63 hotel employees located in the United States. Service orientation was shown to ultimately explain up to 30% of the variability in employee's intention to turnover either their position in a hotel or to leave the hotel industry. Service orientation level was also directly related to intent to leave the hospitality industry but not intent to leave the organization. We discuss the implications of these findings for the hotel industry as well as hotel managers.

INTRODUCTION

Hotel employee turnover is a well-documented problem in the hospitality industry with reported turnover rates ranging from 31 percent (Deloitte, 2010) to 43 percent (Employee Turnover: The Challenge, 2013) to 58.8 percent (Hinkin, Holtom & Liu, 2012) in the U.S. Turnover in the hospitality industry is reported to be "nearly twice the average rate for all other sectors" (Deloitte, 2010, p. 35). To further complicate concerns over the high rate of turnover, the economic downturn has temporarily dampened this high turnover rate, but is expected to rapidly rise once the downturn improves (Deloitte, 2010; Davis, 2013). Depending upon the level of the employee's job responsibilities, turnover costs can range "between 100 and 200 percent of the total remuneration of that employee" (Deloitte, 2010, p. 36). In addition to financial costs is the loss of consistency of service that a long-term employee provides to customers, particularly returning customers who are very important to developing brand loyalty.

A high level of guest satisfaction is a key performance indicator which has been found to increase competitiveness and brand consistency in the hospitality industry. The staff needed to achieve and maintain service levels costs, on average, 45 percent of operating expenses and consumes 33 percent of revenues depending on hotel size, with larger hotels spending more (Deloitte, 2010). Thus, the turnover rate must be controlled in order to improve consistency of service, to improve and retain customer satisfaction, and to gain the economic benefits associated with increased competitiveness, which is driven in part by brand consistency and the resulting loyalty.

The literature, both practitioner and academic, cites many reasons for this high turnover rate in the hospitality industry. Low salaries are often cited as the most common reason to leave organizations in the hospitality industry (Deloitte, 2010; Davis, 2013). The majority of the reported reasons for leaving tend to be external to the employee rather than internal and are specific to the employee who is quitting. However, the issue may also be internal to the employee leaving due to the nature of the hospitality industry and the relation between maintaining a high level of customer service and the personality of the worker (Davis, 2013). An employee may be less likely to share details or may not even be fully aware of personal reasons for leaving as reported in exit interviews and surveys. Interestingly, Boardman (2013) includes among the reasons provided for turnover, are issues related to customer service including dealing with difficult customers. Certain personalities may be more ideally suited to becoming less stressed by these encounters and hence less likely to quit. .

This study examines whether an individual factor related to the employee may contribute to high turnover in the hospitality industry. Determining whether internal reasons such as personality and motivation contribute to turnover is also important to mitigating this significant industry problem. This will help ensure that while organizations attempt to mitigate the external reasons to obtain the needed employee stability they also hire the employees most likely to remain after these external changes are incorporated. We believe that one of the important internal factors is an individual's service orientation both in retention as well as providing the necessary high level and consistent customer service and reducing involuntary turnover. This study is designed to determine a model of intent to turnover which includes the role of an employee's service orientation in addition to other factors such as job satisfaction and organizational commitment often identified as related to turnover intention universally. The results of this study will add to the important discussion on how to retain employees in the hospitality industry, particularly in hotels, and thus potentially lead to the reduction of the high industry turnover rate.

REVIEW OF LITERATURE

The literature review discusses the underlying theory for each of the antecedents of turnover presented in the study; service orientation, job satisfaction, organizational commitment, and intention to leave the employer or industry (see Figure 1).

Service Orientation

Service organizations, such as hotels in the hospitality industry, have unique characteristics in contrast to businesses that produce market and sell a physical product. The characteristics of hospitality include intangible products, interpersonal interactions, and simultaneous production/delivery of service (King, 1995). The service event usually takes place primarily between the customer and the service employee. Due to the direct contact and required follow-through of hospitality service employees, their attitudes, behaviors and interaction with customers (collectively known as their service orientation) are critical to the customer perceiving that they received adequate value in the transaction and they are sufficiently satisfied (Teng & Barrows, 2010). The customer will make decisions on whether to do future business with the service firm by assessing the quality of the service they received (Schneider & Bowen, 1985).

Hogan, Hogan & Busch (1984) identified a set of employee attitudes and behaviors affecting the quality of interaction between an organization's employees and its customers. Characteristics include being helpful, kind, sociable, and possessing a cooperative personality. Service orientation involves personality traits that make some people more service-oriented than others. Teng & Barrows (2010) assert that the individual and organizational arrangement perspectives of service orientation might have effects on behavioral, performance, and job attitudes and the intentional outcomes for employees. Identification and measurement of the traits of service orientation has become increasingly important given the recent growth in the service industry. There is increasing use of the 39-item biodata scale, developed by McBride, Mendoza & Carraher (1997) to measure self-perceptions of subjects own levels of service orientation. Chait, Carraher & Buckley (2000) assert that the biodata scale approach has advantages compared to other scales, including its behavioral basis and short length. The biodata scale incorporates seven subscales including sociability, desire to make a good impression on others, agreeableness, resistance to stress, need for achievement, responsibility, and life satisfaction (Carraher, Carraher, & Mintu-Wimsatt, 2005). We discuss each subscale next.

Sociability is an important characteristic of service employees' ability to provide good service in the hotel industry. In hotel related service consumption settings, customers desire both tangible and intangible value. Tangible value includes complimentary items and thick towels, while intangible value includes the staff characteristics of sociability, and cheerfulness (Holbrook & Hirschman, 1982; Firat, Dhoakia & Venkatesh, 1995; Ekinci, Dawes & Massey, 2006). Sociability has been defined as the degree to which a person seems to need and/or enjoy interacting with others (Hogan & Hogan, 1992). Furthermore, sociability has also been described as an individual's demonstration of understanding, friendliness, adaptability, empathy, and politeness in group settings (US Department of Labor, 1991, pp. 5-6). Sociable persons are extraverts who characteristically seek opportunities to meet people to talk to, wish to experience excitement and physical activity, enjoy laughter and merriment, and engage in many social interactions as a form of happiness fulfillment (Hills & Argyle, 2001). In the service industry, if a service employee is not sociable, his/her interactions with customers may not be perceived as enjoyable, possibly resulting in a less satisfying customer experience. Service workers who are highly social perceive encounters with guests as an opportunity to interact with people, heightening their work satisfaction.

A service employee's ability to make a good impression is an important step in providing excellent customer service. The customer's perception of the service employees' expressiveness, desire to help, politeness, and genuine concern leads to excellent customer service encounters and returning customers (Gountas, Ewing & Goutas, 2007)). A positive outcome of successful customer service encounters from the employee' perspective is resulting higher wages in the form of gratuities or tips (Pugh, 2001; Tsai, 2001; Tsai & Huang, 2002). Perceived authenticity of actions is very important in customers' impressions of their service provider. Research indicates that customer perceptions of authenticity positively relate to the impressions they form of the service staff as well as the overall satisfaction experienced from the service encounter (Gountas et al., 2007). Customer recognition of authentic, polite and friendly service from the service employee may be more than just evaluating a good or bad experience. Aaker (1997) reported on the connection between a customer's service treatment and his/her overall life satisfaction. This indicates that a service employee's impression on a customer creates positive feelings on multiple levels.

Employees exhibiting the service orientation attribute of agreeableness are courteous, tolerant, forgiving, and caring (Eswaran, Islam & Yusef, 2011). Very agreeable people usually get along with others on any occasion, are exceptional team players and do well in jobs that require developing or maintaining personal relationships (Neuman & Wright, 1999). This characteristic is crucial to persons in interactive customer service occupations, with a positive relationship between agreeableness and job involvement (Mount, Barrick, & Stewart, 1998; Barrick & Mount, 2003; Skyrme, Wilkinson, Abraham, & Morrison, 2005; Eswaran, et al., 2011). Customer service employees with high agreeableness are likely to be highly motivated to demonstrate their high level of customer involvement, and corresponding job performance. Agreeableness characteristics are particularly necessary in jobs such as call centers, hotels and restaurants where customers may be demanding (Judge, Thoresen, Bono & Patton, 2001). Customer needs can vary widely, making flexibility an important attribute for service employees. In certain industries, highly agreeable employees are expected to be flexible in performing their service job (Eswaran et al. (2011), resulting in higher customer perceptions of service performance. Importantly, flexible people are less likely to leave their employer (Day, Bedein & Conte, 1998).

Another component of service orientation is organizational stress which is ‘the general patterned unconscious mobilization of the individual’s energy when confronted with any organizational demand’ (Nelson, 1987, p. 311). Organizational stress has been researched in two forms; positive stressors, such as job challenges, social networking, motivation and advancement opportunities, and negative stressors, such as social isolation, tension and loneliness. We test the effects of negative stress in our model. Negative stress can be highly detrimental and affects absenteeism, poor interpersonal relations and poor performance. Most work stress arises from task, role and interpersonal demands (Nelson, 1987). A leading cause of interpersonal demand stress for service employees comes from abusive customer behavior (Dormann & Zapf 2004; Goussinsky, 2011). Issues arising from abusive customer behavior may be difficult for employees who lack the characteristics of service orientation required to deal with customers successfully. Work related stress is individually emotional for employees. High levels of job stress may have a detrimental impact on a service organization. Ruppel, Sims & Zeidler (2013) report that work related emotional stress leads to job dissatisfaction, a reduction in organizational commitment and eventually to increased intention to leave their employer. The dichotomous nature of the hotel industry (tight, fluctuating margins versus the pressure to deliver quality services) makes working in the hotel industry stressful (Lo & Lamm, 2005). Additional areas of concerns in the hotel industry are shift work, fatigue from long hours, unpredictable shifts, few breaks, heavy lifting and mental demands. In service situations, providing excellent service requires an individual be able to resist stress and their detrimental effects. Individuals with a high service orientation should possess a resistance to negative stress.

The need for achievement, a competitive behavior, is characterized by a standard of excellence (McClelland, 1961) and involves planning and striving for excellence (Hansemark, 1998; Chan, Ng & Casimir, 2010). The need for achievement refers to the desire of an individual to do things independently in order to increase self-regard, overcome obstacles and attain a high standard through the exercise of talent (Murray, 1938). People with a high need for achievement utilize self-empowerment to work to attain the highest standards, by setting personal goals and taking personal responsibility for results because doing so provides recognition and intrinsic satisfaction (McClelland, 1985). Individuals with high achievement needs consistently find new ways to do their tasks better. The need for achievement can positively influence service quality because as the need for achievement increases, employees may be more likely to seek out new ways to improve service quality when serving their customers (Chan, Ng & Casimir, 2010). Highly service oriented employees have been shown to possess an internal locus of control, typified by their belief that they are in control of their environment (Sawyerr, et al. 2009). Individuals with an internal locus of control are more likely to have helping behaviors when engaging in interpersonal interactions (Ng, Sorenson, & Eby, 2006). Additionally, the sense of achievement experienced by individuals with an internal locus of control makes them more likely to remain with their employer (Bernardi, 2003).

The service orientation characteristic of acceptance of responsibility is the degree to which a person is willing to accept accountability for the completion of a task (Hogan & Hogan, 1992). Individuals who accept responsibility are exerting a high level of effort and perseverance towards goal attainment (US Department of Labor, 1991, pp. 5-6). These individuals are also more likely to exhibit conscientiousness, reliability, and organizational skills (McCrae & John, 1992). Research has established that students who learn service skills increase their levels of personal development, desire to accept responsibility, interpersonal skills, and tolerance (Eyler & Giles, 1999).

Fehey & Smyth (2004) describe life satisfaction, another component of service orientation, as an individual's perceived satisfaction with their actual material situation, employment status, work satisfaction, general trust, governance, personal control, age, family life, health and social life. Individuals with a low level of life satisfaction may find it difficult to deliver excellent customer service. Low levels of life satisfaction in employees may produce detrimental emotions in the employees, due to feelings of want or unfairness in life. These feelings have the potential to negatively affect an employee's degree of life satisfaction. For example, in the hotel industry employees may be consistently confronted with customers who are on vacation or who have good jobs requiring business travel. In highly interactive service encounters between providers and consumers, the detrimental emotional effects from employees exhibiting low life satisfaction can result in poor customer service. Highly service oriented persons would be expected to perceive their lives as possessing at least an acceptable level of satisfaction, resulting in a higher likelihood of providing excellent customer service. Similarly, low life satisfaction has been related to low job satisfaction (Zhao, Qu, & Ghiselli, 2011).

Job Satisfaction

The concept of job satisfaction includes the employee perception of the job as meaningful and the degree of pride the employee experiences from performing the job (Silva, 2006). Locke (1993, p. 1300) describes job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". Conversely, Yucel (2012) describes job dissatisfaction as an unpleasurable emotional state, possibly arising from an employee's perception that the job is frustrating or prevents the employee from perceiving value in their work. In the hospitality industry, job satisfaction helps ensure that employees will treat customers with respect and excellent service. This is particularly important for establishments that depend on repeat business through the creation of relationships with customers (Arnett, Laverie & McLane, 2002). Job satisfaction and dissatisfaction are a function of the perceived relations between what an employee wants from their job and what they perceive it is offering.

Hospitality establishments frequently experience large fluctuations in customer business from hour to hour. These fluctuations in business are somewhat predictable since local businesses and regular customers create a normal, semi-predictable flow of business. However, a significant portion of a hospitality establishment's business comes from largely unpredictable sources including unexpected surges of business from concerts, conventions, large family functions or unexpected weather conditions. These unexpected surges in business can create situations where service staff must be able to provide excellent customer service under pressure. Employees perform service under pressure in order to meet the expectations of customers and management during peak periods (Dienhart, Gregoire, Downey, & Knight, 1992) and may feel overwhelmed in these situations, regardless of service orientation. However, highly service-oriented employees focus on the customer's experience and find job satisfaction in providing good customer service, even in difficult times. Donavan, Brown & Mowen (2004) assert that service-oriented workers appear to find the highest degree of job satisfaction when placed in high-customer contact positions. Employees with a lower service orientation may place less importance on the customer and more on surviving the busy period. If they are working late, they may engage in short cuts to expedite their ability to leave. Low service-oriented employees may also become less focused on the customer and more focused on their own discomfort. This may result in slower service to the customer, more customer complaints and less job satisfaction by the employee. These findings are consistent with the results of a recent large scale study performed in the hospitality industry, which determined that an individual's level of job satisfaction both changes over time and affects the individual's turnover decisions (Hinkin, Holtom & Liu, 2012).

When staff enjoy their jobs they are more likely to value the firm's customers and want to ensure that customers are happy with the service they receive. Staff can do this is by delivering good service and fulfilling customers' needs (Beatson, Lings & Guderdan, 2008). Thus, if staff are satisfied with their jobs, they are more likely to develop positive attitudes towards service-oriented behaviors, therefore placing importance on serving the customer and delivering services valued by them (Gonzalez & Garazo 2006).

Organizational Commitment

Mowday, Porter & Steers (1982) defined organizational commitment as a having two parts; a strong belief in an organization's core values and goals and the willingness to put forth significant effort on behalf of the organization. Commitment to the organization relates to work-oriented factors such as employee turnover, absenteeism and performance (Mowday et al., 1982). Previous examinations of commitment reveal that it also addresses the individual's identification with and involvement in the organization (Porter, Steers, Mowday & Boulian, 1974). Organizational commitment exceeds merely beliefs in the organization's values. Mowday et al. (1982) stated that organizational commitment involves the sharing of values between the organization and the committed individual, resulting in an individual identifying the organization as a comfortable place they would not want to leave. Because of shared values, the individual is willing to exert effort for the organization to succeed. Through organizational commitment, staff become involved personally in the achievement of the organization's goals and aspirations, which is expressed in commitment to service (Kim, Leong & Lee, 2005). Thus, if service staff have good feelings about their employer, they will exert effort to present their employer as positively as possible, which then translates into improved customer service (Beatson et al., 2008).

Organizational commitment researchers have found relations between organizational commitment and job search behaviors, turnover intention, and extra-role behaviors and performance; job satisfaction and job tension; autonomy, responsibility and role clarity; and demographics such as age , sex, education, career stage, need for achievement, and job tenure (Mathieu & Zajac, 1990).

Intention to Leave the Employer or Industry

Intention to quit working for an employer is an individual's psychological response to specific organizational conditions, which fall along a continuum of organizational withdrawal behaviors ranging from daydreaming to the physical act of quitting (Kraut, 1975). The majority of researchers accept that an employee' intention to stay or leave an employer is the last cognitive step in the process of voluntary turnover (Steel & Ovalle, 1984). As a result, turnover intention is included in most turnover models (Lambert, Hogan & Barton, 2001). Research into the relations between turnover intention and turnover intention factors reveals many relevant variables. The most influential variables include age, gender, tenure, education, available job alternatives, job content, and job satisfaction (Ghiselli, Lopa, & Bai, 2001). Employee turnover can have serious consequences for the employer beyond filling a personnel void. Employee turnover results in additional costs for recruitment and training the replacement. The organization suffers from a void in skill and knowledge bases until a new employee becomes more adept in his/her work.

In general, a negative relation exists between job satisfaction and turnover intentions (Davis, 2006) with job satisfaction as the main predictor of turnover intention (Chen & Spector, 1991; Coomber & Barriball, 2007; Perry, 2008). Satisfied workers perform their jobs more effectively (Judge, Higgins, Thoresen & Barrick, 1999), and are less likely to act counterproductively (Chen & Spector, 1991). In service industries, work-related conditions such as time pressure, lack of autonomy, work schedule difficulties, and dissatisfaction with pay predicts turnover intention (Estryn-Behar, van der Heijden, Fry, & Hasselhorn, 2010).

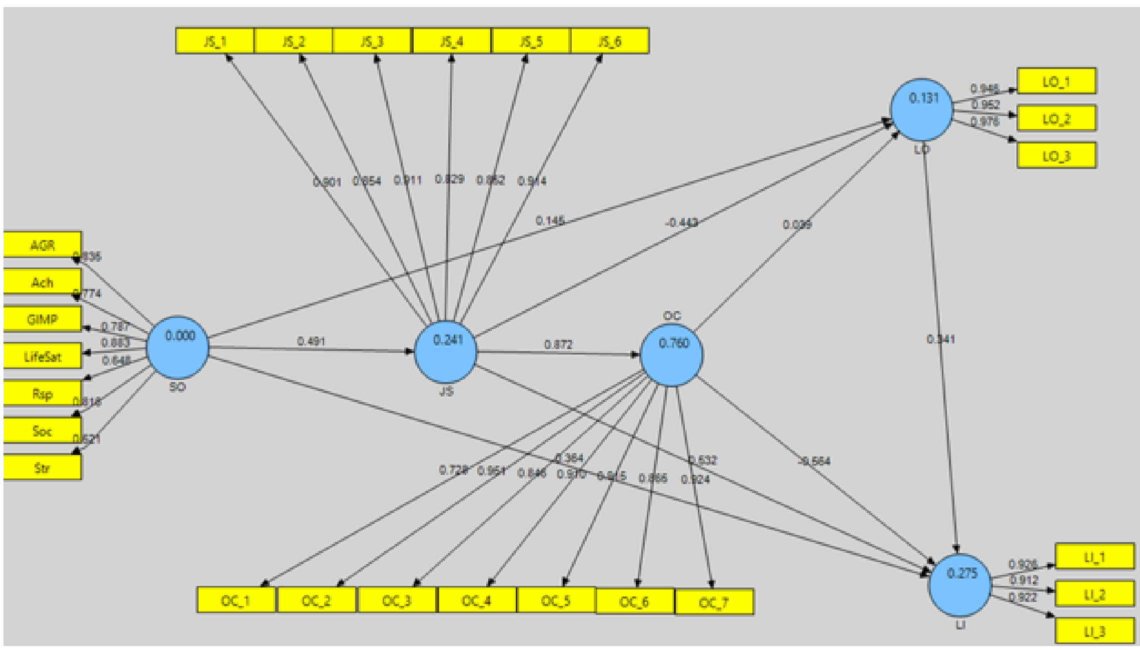
As a service employee's length of tenure with an employer increases and the employee increasingly develops a closer fit with the employer, the employee tends to display higher degrees of service orientation (Kim, McCahon, & Miller, 2003). This creates an increasingly positive relationship between the employee and the employer and a negative effect on the employee's intention to leave.

Employees often remain with an organization because they feel they are unable to leave voluntarily. Instrumental commitment is the idea that employees stay with their employer due to their perception that costs associated with leaving their employer are too high and suitable work alternatives are scarce (Gundlach, Achrol & Mentzer, 1995). The costs of leaving include the time it takes to find a new employer of the same quality (Allen & Meyer 1990) and these costs reduce leaving intentions (Sager, Futrell & Varadarajan 1989). That is, when there is a perceived lack of suitable alternative employment, employees are more likely to remain with their employer. However, instrumental commitment does not necessarily reduce leaving intentions (Beatson et al., 2008). Beatson et al. (2008) suggest that instrumental commitment is not a strong force with regard to employee loyalty to their employer and that employee loyalty may be a function of prevailing employment conditions. Under opposite conditions, employees may stay with an employer due to the challenges of finding better employment.

Investment in additional education to hone skills as well as accumulated tenure that results in seniority, make leaving a profession unlikely (Nogueras, 2006). However, as education levels increase, intent to leave employers but not an industry increases (Weisburg & Kleinschmidt, 1991). In some cases employees may decide to leave an occupation altogether (Parry, 2008). Characteristics of food service employees who are most likely to leave the industry are high levels of feeling stress, tension or frustration, and a lack of sleep due to worrying (Ryan et al., 2010). Meanwhile, industry committed employees score highest on being happy in their job, feeling loyal and feeling that management is supportive while scoring lowest about leaving the industry. Ryan et al., (2010) found employees who are intent on leaving scored higher than other groups on choosing an employer because it was easy to get a job, feeling they were too tired for family time, and only wanting to work on a temporary basis. Furthermore, they scored higher than other groups choosing an employer because their friends work there, working to satisfy parents, considering leaving the industry to increase their pay and they scored lowest on considering making a career in the industry.

In the present study, we examine the variables of service orientation, job satisfaction, organizational commitment and their relations with employee turnover intentions of leaving their establishment or leaving the industry in the model shown in Figure 1 below.

Figure 1: Turnover Model including Service Orientation



METHODS

Procedures

De-identified survey data was obtained through Qualtrics. Qualtrics is a U.S. based research company that conducts quantitative and qualitative surveys. Participants in the online study are members of Qualtrics's US audience of qualified survey takers.

Subjects

Subjects were 63 full-time, **non-management** employees of hotels throughout the United States. Employees on average were 36 years old (mean = 35.74; SD = 10.88) and primarily female

(54 percent). Employees on average had at least some college education (87 percent) with four or more years of experience in the hotel industry (57 percent).

Instruments

In this study, the survey was developed from existing, validated surveys. The study uses the biodata inventory developed by McBride *et al.* (1997) to measure employee behavioral antecedents of service orientation. The biodata instrument utilizes 39 items to measure the seven dimensions of perceived service orientation. Perceived organizational commitment was measured utilizing a scale adapted by Yucel (2012) from Meyer & Allen (1991). Perceived job satisfaction was measured using a scale validated by Lytle (1994). Finally, intention to leave the organization or industry was measured by items adapted from a survey developed by Meyer, Allen & Smith (1993). Additionally, data concerning the demographic variables of age, sex, education, and hotel industry experience were collected.

Measure validation and reliability

Partial least squares analysis (PLS) was conducted using SmartPLS (Ringle, Wende & Will, 2005). PLS is a second generation statistical technique capable of capturing the complexity and the non-isolation of the real world (Haenlein & Kaplan, 2004). This technique is used in predictive analysis such as this and has the ability to model multiple dependent and independent variables and provide robustness in spite of data noise and missing data. (Garson, 2012).

All items loaded on the constructs as expected. As seen in Table 1 below, the average variance extracted (AVE) of the constructs were found to exceed the 0.5 level suggested by Chin (1998). AVE in excess of 0.5 also meets the threshold for discriminant validity suggested by Fornell & Larcker (1981). Composite reliability levels higher than the minimum suggested by Gefen, Straub & Boudreau (2000) indicate convergent validity.

Table 1:
CONSTRUCT VALIDATION USING SMARTPLS

	AVE	Composite Reliability	Cronbachs Alpha
Job Satisfaction	0.77	0.95	0.94
Intent/Leave Industry	0.84	0.94	0.90
Intent/Leave Organization	0.91	0.97	0.95
Occupational Commitment	0.77	0.95	0.95
Service Orientation	0.57	0.90	0.87

Note: n = 63

As seen in Table 2 below, 0ur findings indicate that the path from service orientation to job satisfaction is significant in a positive direction (t = 3.77) as well as service orientation to organizational commitment (t = 3.54) and service orientation to intention to leave the industry (t = 2.54). However, the path from service orientation to intention to leave the organization is not significant.

Table 2:
PATH COEFFICIENTS AND THEIR T-VALUES

	Path Coefficients	T Statistics
Service Orientation -> Job Satisfaction	0.49	**3.77**
Service Orientation -> Organizational Commitment	0.42	**3.54**
Service Orientation -> Leave Organization	-0.05	0.35
Service Orientation -> Leave Industry	0.36	**2.54**
Job Satisfaction -> Organizational Commitment	0.87	**30.27**
Job Satisfaction -> Leave Organization	-0.40	**3.65**
Job Satisfaction-> Leave Industry	-0.09	0.64
Organizational Commitment -> Leave Organization	0.04	0.19
Organizational Commitment -> Leave Industry	-0.55	**2.30**
Leave Organization -> Leave Industry	0.34	**2.75**

Note: Significant t-values are bolded

The paths from job satisfaction were mixed. Job satisfaction to organizational commitment was positive and significant (t = 30.27) while job satisfaction to intention to leave the organization was significant (t = 3.65) in a negative direction. Job satisfaction to intention to leave the industry was not significant (t =.64). Paths from organizational commitment were mixed with the path to intention to leave the industry was significant (t = 2.30) and negative while the path to intention to leave the organization was not significant (t = .19). The path from intention to leave the organization to intention to leave the industry significant (t = 2.75) and positive.

Wetzels, Odenkerken-Schroder, & van Oppen (2009) have proposed guidelines for model goodness of fit (GoF). These guidelines indicate how well a model as a whole performs. Base minimum criteria for small GoF is 0.01, medium GoF is 0.25 and large GoF criteria is 0.36. We calculated GoF for our model at 0.52 which easily exceeds the base criteria of .36. This indicates that our model is accurately representing the data and has a high level of predictive reliability.

DISCUSSION, IMPLICATIONS AND LIMITATIONS

In this study we examined the antecedents of turnover, specifically service orientation, job satisfaction and organizational commitment, with the goal of providing insights into how high turnover in the hospitality industry can be addressed. We studied this issue from an individual employee perspective by testing for perceived orientations and attitudes of the employee. Hinken, Holtom & Liu (2012, p.4) found that "changes in an individual's level of satisfaction affect that person's turnover decisions". For this reason we explored an individual antecedent of job satisfaction and tested whether the antecedent of service orientation had a relation with job satisfaction and did ultimately lead to turnover. However, we also found that service orientation had a direct relationship with turnover suggesting that it should be a consideration in any hiring decision to reduce future turnover and maximize hotel outcomes such as better customer service leading to greater customer loyalty and retention.

Low wages may limit the labor pool for job openings in the hotel industry and limit the ability of managers to be selective in hiring candidates. However, candidates with a high service orientation should be given a high priority when ranking candidates. This study shows that managers can reduce the cost of turnover and increase customer satisfaction through testing job candidates for service orientation. While this will not eliminate other factors that must be addressed at the organizational level such as low wages, any opportunity to reduce voluntary turnover will increase the potential for a successful outcome. We do not believe there is one single answer to reducing turnover however our model results indicate that using service orientation as an antecedent of turnover intentions explains approximately 30% of the variability in turnover in either the organization or the industry.

Interestingly we found that service orientation was significantly and positively directly related to intention to leave the industry. However, service orientation was not significantly related to intention to leave the organization. Demographic data indicates that the survey sample was highly educated with 87 percent having at least some college education. Employees with higher education may intend to stay with their employer until they can find employment outside the hospitality industry. We also find that organizational commitment is not significantly related to intention to leave the organization. However, organizational commitment was significantly but negatively related to intention to leave the industry, suggesting that as organizational commitment rises an employee's intention to leave the hospitality industry lessens. However, job satisfaction is also directly related to intention to leave the organization but not the industry. Apparently job satisfaction is viewed by the employee as related to the organization rather than the customer service functions of the job as a whole.

This is an exploratory study to determine whether an individual characteristic could serve as an antecedent to job satisfaction and other well-documented antecedents of turnover intention. While the sample obtained was large enough to conduct statistical analysis concerning the viability of this approach, the study has several limitations. Firstly, the study should be replicated with a larger sample both in the hotel industry as well as other service industries. Secondly, this study did not breakdown employee job status between full-time and part-time employees. Full-time/part-time status may help explain an employee's intention to voluntarily leave the organization or industry and should be considered for future research. Thirdly, the cross-sectional nature of the survey represents only a specific point in time, and can be amplified by data over time. Fourthly, introduction of the economic environment and its impact on an industry and relation to the turnover problem can shed more light on intentions to leave. Fifthly, exploratory study results are not generalizable to the hospitality industry or across industries.

CONCLUSION

The hospitality industry has a well-document problem with turnover. The results of the test of this model found that service orientation has a role to play in determining employee's intention to turnover both directly and indirectly. Service orientation directly impacts job satisfaction and organizational commitment among non-managerial hotel workers. These workers are most likely to have a direct impact on customer satisfaction and loyalty which is an important contributor to profitability in the hospitality industry. As the U.S. economy becomes increasingly service oriented it is important that we identify barriers to productivity and profitability, particularly in high service industries such as hospitality.

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A STUDY OF PERSONALITY AND LEADERSHIP STYLES AMONG MEMBERS OF A ROCK BAND

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Musicians, in a very real sense, are entrepreneurs, and their bands, likewise, are in essence, small businesses. Snyder (2012) actually offers an online course of a similar name in which he helps musicians understand this additional role and responsibility, and recognize that beyond the art, they also have to consider the business aspect of their organization. Various small, medium, and large companies in virtually every industry have been studied for decades, examining multiple factors including organizational structure, leadership, and style. However, the music industry has seen relatively little research, although bands, regardless of genre, would almost all fall in the category of a small business. Perhaps the reason is that musicians have not historically been considered "entrepreneurs", and their bands have not generally been thought of as a business. Conducting research on this venue, and in particular, the personalities and leadership styles found in this type of organization, can open a new avenue of research into small organizations.

Personality is one of the most frequently reported influences on human behavior, and has been referred to as the "the essence of a human being" (Hall & Lindzey, p.9). Individual personalities range from calm to aggressive, loud to quiet, extroverted to introverted. Personalities can be defined at the extremes, or somewhere in between, and have also been shown to be inherent or situational. Personality defines who people are and how they act towards and with others. Another important factor which is often used to define an individual is their approach to leadership. Leadership is defined as the ability to influence a group for the sake of achieving a vision or goal (Stogdill, 1948). Leadership can have a significant iinfluence on relationships and group behaviors. Previous research has also related personality and leadership, including whether leadership traits are acquired or inherited (Ruvolo, Peterson, & LeBoeuf, 2004; Olson, 2009).

This research examined the relationship between personality and leadership, both from a general point of view as well as how these factors apply to members of modern day rock bands, specifically examining the relationships members have with each other and the way roles are defined in a band. Specific questions attempted to determine who is generally identified as the leader of the band, whether personality affects leadership roles in a band, and what personality and leadership attributes should a member have to be a better leader in their business - their band.

The remainder of this paper identifies supporting and relevant literature, presents the methodology used in this study, and discusses the findings of a series of interviews with various band members. Implications, suggestions for further research, and limitations are also presented.

LITERATURE REVIEW

Musicians as entrepreneurs, bands as businesses

Hauge (2012), in associating musicians as entrepreneurs, stated it rather succinctly that, "To become entrepreneurial mean that musicians undertake commercial activities that are necessary for artistic creativity and performance" (p. 1). She goes on to explain the nature of musicians, and their inevitable progression towards entrepreneurship:

> People who establish a life project have an all-consuming interest and vision. Musicians' life project is their artistic universe, represented by their talent, creativity and desire to create outcomes such as new songs, albums, live shows, festivals, sound studios, and record companies. Becoming entrepreneurial is thereby a strategy and perpetual activity where musicians commercialise fragments of their life projects. This process develops through the choices they make in order to realize a pathway into an imaginable future where music is doing business, and business is doing music. (Hauge, 2012, p.2).

A recent study by Coulson (2012) examined bands in north eastern England, among other aspects, specifically looking at "the accidental nature of their enterprising work lives" and "the musicians' understanding of the entrepreneurial nature of their work" (p. 246). Coulson (2012) identified the "majority of musicians did not make a connection between self-employment and entrepreneurship" and with regard to personality, leadership, and relationship, she found a definite focus on "friendship, co-operation, support, musical collaboration, and learning" (p. 246). Similarly, Marttila's (2012) study of Finnish musicians specifically examined the extent to which the notion of "entrepreneurship is common among performing musicians and if their work environment is encouraging them or forcing them to become entrepreneurs" (p.3). His findings revealed that musicians, particularly in Finland, are recognizing themselves more and more as businesspeople, responsible for more than just performing.

World-renown music schools are also recognizing this shifting paradigm of the musician as a business person. The president of the Manhattan School of Music, Robert Sirota, "envisions 'a new generation of performing musicians who function more like individual small businesses, who work the hypersegmented musical marketplace in an entirely different way' " (Miller, 2007, 2). The Manhattan School has also recently established the Center for Music Entrepreneurship, highlighting the importance of preparing musicians for their "business" career.

As evidenced in these studies, it is becoming apparent that musicians are more and more often thought of as true entrepreneurs, and face additional responsibilities to manage their band "business" beyond their musical talents. However, very few studies have actually examined this particular industry from a business perspective. As with any business, a band faces organizational challenges, the very nature of which implies the importance of understand the relationship among the band members, personalities, and leadership styles.

Personality

One of the earliest definitions of personality stated, "Personality is the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment" (Allport, 1937, p.48). A modern definition defines personality as each person's pattern of thoughts, feelings and behaviors, and how an individual reacts to and interacts with others (Robins & Judge, 2011). Personality is what makes one person different from others; it is why some people are quiet and passive while others are loud and aggressive (Robbins & Judge, 2011). Roback (1928), in one of the earliest studies of personality, stated personality (referred to as character) is a moral possession of every individual and thus worthy of study. Allport (1937) wrote, "A new movement within psychological science has gradually grown up…it attempts to depict the individuality of the mind…this movement has come to be known as the *psychology of personality*" (p. 7).

Personality determinants include heredity, cultural, environmental, social, and many other factors (Caprara & Cervone, 2000). However, research has tended to suggest heredity as more important than other factors (Robbins & Judge, 2011). The heredity approach, which is considered a biological factor, claims that personality is constituted in each individual's genes. A longitudinal study of personalities of twins did actually identify more than half of the variation to be due to heredity (Goleman, 1986). Similarly, research conducted on twins who were separated at birth also showed remarkable personality similarities, indicating heredity does play a significant role in defining personality. However, research has also shown that personality is not necessarily a constant, and is more likely to change at a younger age than among adults (Hampson & Goldberg, 2006).

Over the years, several instruments have been developed to identify and measure personality. The first personality test was created in the 1920s and was purposed towards selection of Army personnel (Kaplan & Saccuzzo, 2010). Today, two of the most popular instruments are the Myers-Briggs Type Indicator (MBTI) and the Big Five Personality Model. These tests have been used not only for research purposes, but also within organizations for the purposes of hiring, job selection, recruiting, career planning, and development (Van der Zee, Zaal, & Piekstra, 2003).

The MBTI is the most widely used personality assessment instrument in the world (Kennedy & Kennedy, 2004). Using this instrument, respondents' personalities can be classified on four scales: extroverted or introverted, sensing or intuitive, thinking or feeling, and judging or perceiving. These combinations subsequently identify an individual as having one of 16 personality types. One concern expressed with the MBTI is that it classifies people as falling only on one of the extremes, and does not allow a mix of personality types (Bess & Harvey, 2002).

Over the years, research has attempted to identify personality traits through various scales, and through this research a set of five common personality traits have come to be agreed upon. The "Big Five" personality traits "do not represent any theoretical perspective but were derived after analysis and examinations" (Kermani, 2011, p. 84). Research has also shown the Big Five model covers most of the variation in the human personality. The use of the Big Five model can also provide insight into the relationship between team personality and performance (Goldberg, 1990). The Big Five personality traits measure an individual's level of extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience (Costa & McCrae, 1992).

Extraversion (also identified in the MBTI) refers to the level of comfort people have in relationships. It includes characteristics of sociability, talkativeness, assertiveness, and ambition (Barrick & Mount, 1991). Agreeableness refers to the level at which an individual tends to comply with the wishes of others, including the factors of cooperative, trusting, forgiving, tolerant, and soft-hearted (Barrick & Mount, 1991). A low score on agreeableness characterizes people who are cold and disagreeable. Conscientiousness refers to the extent to which an individual is reliable, focused on achievement, and accepting of responsibility (Robbins & Judge, 2011). Other characteristics associated with highly conscientious people include organizational skills, dependability, and persistence (Robbins & Judge, 2011). Research has also shown that conscientiousness relates strongly to job performance (Barrick & Mount, 1991). The trait of emotional stability is associated with dependability, hard work, and perseverance (Barrick & Mount, 1991). High emotional stability generally indicates self-confidence, while low emotional stability tends to be associated with nervousness and anxiety. The last dimension is openness to experiences, characterized as having a range of interests and being fascinated with novelty (Robbins & Judge, 2011). A person with a high level of openness is also imaginative, innovative, and reflective (McCrae, 1996). People who score low on openness prefer conventional approaches and find comfort in the familiar (Robbins & Judge, 2011).

Individual's personality traits can also be examined in a group setting to better understand relationships. Joarder and Matthews (2010) argue that perceived extraversion due to an individual's assertiveness will facilitate group acceptance. According to their research, an assertive and extravert newcomer will have a lot of confidence in his or her abilities and thus would be more likely to get work done. Also, because extraversion prefers social interaction and relationship-building, it will have positive effects on relationship-based group acceptance (Joarder & Matthews, 2010). Agreeableness involves characteristics such as nurturance, tolerance, and gentle nature (Digman, 1990). People who score high on agreeableness are more likely to be accepted into a group. However, a person who shows no care and no agreeableness, is unlikely to be accepted into a group which values relationships (Joarder & Matthews, 2010).

High levels of conscientiousness also includes characteristics such as organization, responsibility acceptance, and planning, and these individuals are more likely to achieve tasks set by a group (Costa & McCrae, 1992). Joarder and Matthews (2010) stated "a group will perceive a conscientious person as having the potential to make a valuable contribution to the team and identify with his task ability," thus enhancing group acceptance (p. 197).

Emotional stability considers whether individuals experience negative emotions and disturbing thoughts (Digman, 1990). It is not surprising that group acceptance would be negatively affected by people who have low levels of emotional stability. The anxiety, nervousness, and fear associated with a person with low emotional stability will make it harder for such a person to build relationships with co-members, and to accomplish group tasks (Costa & McCrae, 1992; Joarder & Matthews, 2010).

Lastly, a lack of openness to new ideas, adventures, and experiences makes it hard for a person to gain acceptance into a group (Costa & McCrae, 1992). However, a person open to new experiences would adapt to the group norms and culture very quickly, leading to better acceptance by the group (Joarder & Matthews, 2010).

Several studies have examined the relationship of the Big Five dimensions and various aspects of work and life, including financial performance of managers (Camgoz, Karan, & Ergeneli, 2011); risk behavior in financial investments (McInish, 1982); and perceived customer relationship management and customer satisfaction (Kermani, 2011).

Leadership

Stogdill (1948) stated leadership is the process of influencing the actions of a group towards common goal achievement. According to Kotter (1990), leadership is an ageless topic, having been examined since ancient history, through individuals such as Hannibal and Alexander the Great, Moses and David from the Old Testament, and in more recent history, Martin Luther King, Jr. and Gandhi. Kotter (1990) stated leadership involves establishing direction, aligning people, and motivating people. Cripe (1993) describes a leader as “a person who sees the trip ahead” (p. 2).

Behavioral theories of leadership argue leaders can be made and good leadership is based on learnable behavior. Situational theories argue the actions of leaders depend on situational factors, matching their style to the competence of the subordinates (Northouse, 2012). Contingency leadership theories, similar to situational theories, also suggest leadership styles change depending on the situation (Galbraith, 1973). One such contingency theory is the Path-Goal theory, which is the main interest of this study.

Path-Goal Leadership Model

The path-goal theory was developed in the early 1970s by Robert House, having been influenced by the works of Evans (1970) and the Vroom’s (1964) expectancy theory of motivation. According to this theory, leadership style can change based on different situations, and the leader’s behavior is contingent upon the satisfaction of followers (House, 1971). The name “path-goal” is derived from the notion that good leaders make the path clear so their followers can achieve the goals. The focus of the path-goal theory is on motivating followers to achieve better job performance by using a leadership style that best meets the followers’ motivational needs, and removing any obstacles that stand in the way of achieving goals (House & Mitchell, 1974; Northouse, 2012).

The three components of the path-goal theory are leader behavior, follower characteristics, and task characteristics. As indicated earlier, the behavioral theories of leadership address how the leader behaves. The original path-goal approach specified four types of leader behaviors: directive, supportive, participative, and achievement-oriented (House & Mitchell, 1974). As a contingency theory, the path-goal theory states leadership behavior changes according to the situation, and can exhibit one or more of the four behaviors depending on the situation (House & Mitchell, 1974).

The second component of path-goal theory consists of the follower/subordinate characteristics, defined as the way the subordinates react to and interpret the leader's style. Subordinate characteristics include the following four dimensions: need for affiliation, preference for structure, desire for control, and perception of their own task ability (House, 1996). As subordinates will differ in their level of these dimensions, leaders need to be careful in how they relate to each individual. The third component of the path-goal theory is task characteristics, defined as the features of the task that the followers are required to do. Three task characteristics dimensions are: design of the task, formal authority system, and primary work groups (House, 1996).

House and Mitchell (1974) identified leadership style as significantly related to work attitudes, job satisfaction and motivation. A subsequent study affirmed their findings but also found the task characteristics do not have a significant impact on subordinates (Downey, Sheridan & Slocum, 1975). Regardless of the task, leader consideration has a strong influence on the subordinates' job attitude and motivation (Downey, Sheridan & Slocum, 1975). Path-goal theory has been the subject of several research studies on various aspects of life and work, such as sustainability and accountability within an organization and when specific leader behaviors were needed (Landrum & Daily, 2012); and group effectiveness and turnover intention identifying a supporting leader behavior is the style most related to decreased turnover (Dixon & Hart, 2010).

In summary, path-goal theory attempts to match a leader's behavior style with their subordinates' characteristics and task characteristics. In all situations, the leader's job is to motivate his followers and help them find the path to the goal. This theory can be applied in any organizational setting, even rock bands. The next section discusses the relationship between the Big Five personality traits and leadership styles. The following section will then address the topic of leadership in music and rock bands.

The Big Five Personality Traits and Leadership

Several studies on the relationship between leadership and personality have been conducted in various fields. Many of these studies clearly link the "Big Five" personality traits to leadership and leader emergence (Emery, Calvard & Pierce, 2013). For example, in terms of emergent leadership, extraversion, openness to experience, and conscientious personality traits were related to both task-oriented and relationship-oriented leadership (Emery, Calvard & Pierce, 2013). Studies have also shown that conscientiousness is the most significant "Big Five" predictor of leader performance (Strang & Kuhnert, 2009). The dimensions of extraversion and openness to experience have been shown to relate to other contexts of leadership including leader emergence and perception of leadership (Barrick & Mount, 1991; Bass, 1990). Agreeableness was found to be associated with relationship-oriented leaders but not task-oriented leaders (Cogliser, Gardner, Gavin & Broberg, 2012; Emery, Calvard & Pierce, 2013; Bono & Judge, 2000; Judge & Bono, 2004). Conscientiousness was found to be positively related to task-oriented emergent leadership (Cogliser, Gardner, Gavin & Broberg, 2012). However, emotional stability was found to have no significant relationship with emergent leadership (Cogliser, Gardner, Gavin & Broberg, 2012; Emery, Calvard & Pierce, 2013).

Leadership and Music

As mentioned above, relatively little research has been conducted examining the issues involved with musicians and bands as business, and in particular, the influence on the organization with respect to the combined areas of leadership, personality, and band members. Most of the academic research on leadership in the area of music has examined orchestral leaders, school band directors, and performing arts managers. Carlisle (2008) conducted a study of orchestral leadership based on the premise that leaders of such music ensembles should be involved with performance and concluded that the method of leadership (leadership style) and characteristics of the person leading (personality) have the greatest influence and can make a difference in the ensemble's sound. Another study on orchestral leadership found conductors will significantly change the quality of a piece by the way they influence the musicians (D'Ausilio et al., 2012). In both of these studies, it was evident that leadership style or approach has an effect on job performance. Isakovic (2011) identified gender is not a significant factor affecting performing arts management leadership, however the leader's intentions, knowledge, and goodwill does influence their leadership ability (Isakovic, 2011). Vitter's (2011) study indicated band directors should have high expectations, good organization skills, the ability to change, and good relationship building skills in order to be effective leaders.

Rock Music

The term "rock and roll" originated in the 1950s in the United States and then spread throughout the world (Scaruffi, 2003). Over the last 60 years rock music has shaped cultural and social movements and expanded to various genres. With respect to instrumentation, today's rock music bands are comprised of electric guitars, acoustic guitars, bass guitars, drums, keyboards, and vocalists/singers. Each band's composition and line-up is different and unique in the way members are distributed, the number of musicians, the types of instruments played, and the number of songs each member contributes to the band. The most common notion is that the singer/front-man is the leader. Although this might be true in some bands, others argue current rock bands are missing outrageous and charismatic front men. Compared to popular bands from the past, today we have uninteresting, bland front men, which might be one reason for band break-ups (Intini, 2005). With consideration towards leadership within rock bands, some argue that because of the defiant and rebellious nature of "rock and rollers", they won't put up with autocratic leadership, and shared leadership or a participative approach is more prevalent (O'Leary, 2012). Examples of bands who have had more than one front man as leader include Brian Jones, Mick Jagger, and Keith Richards of the Rolling Stones, and Paul McCartney and John Lennon of the Beatles. O'Leary (2012) proposed there are different leaders for different aspects of the job rather than only one leader, similar to Maxwell's (2001) notion of teamwork in his "Law of the Niche". This law suggests that "each player has a place where they add the most value," and placing each person in the position where he or she is at their best enhances teamwork and overall performance (Maxwell, 2001, p.29). Research found collective leadership can have significant and beneficial implications on team and organizational processes because it makes better use of expertise and distributes the elements of leadership to different people who are best suited for it (Friedrich, Vessey, Schuelke, Ruark, & Mumford, 2009). On the other hand, other studies found collective leadership to promote chaos and economic warfare (Sherali, 1984), and was very complex and hard to accomplish (Dust & Ziegert, 2012). It is possible that collective leadership works in some situations, but not others. O'Leary (2012) argues that in a rock band this approach might work - one person might direct rehearsals, another might lead on stage and pick songs, another might be the business leader, and another might manage the finances of the band. Even when there is one leader, in a typically participative environment, he or she could still be outvoted by the other members of the band (O'Leary, 2012). O'Leary (2012) actually stated there is no one leader in a band, but rather everybody has the power to make or break the band. A purposeful, collective leadership approach could bring musicians with different talents together in a cohesive group as they work towards the common goal of generating the best performance possible.

METHODOLOGY

The goal of this research was to examine personality and leadership factors from the perspective of members of rock bands in order to develop a better understanding of the relationships and roles of the band members. Based on the review of the literature above, the overall research question is, "What influence does personality and leadership style have on the effective organization and functioning of a rock band?" Specific subquestions include, "Who is generally identified as the leader of the band?", "Does personality affect leadership roles in a band?", and "What personality and leadership attributes should a member have to be a better leader in the band?".

Type of Research

This research employs a qualitative approach, understanding the human behavior of musicians and singers, and interpreting social interactions between them. Sample sizes are usually smaller and not randomly selected in qualitative research. As such, it was anticipated that the sample size in this study would be relatively small.

Data Collection

Data collection for this research involved an online interview consisting of two instruments and a set of demographic and open-ended questions. The two instruments were the Big Five Personality Test and the Path-Goal Leadership Questionnaire. The two instruments were used to find each participant's personality type and leadership style, respectively. The demographic and open-ended questions were used to identify more qualitative factors, such as the participant's role in the band, instruments played, satisfaction in the band, and the identification of the "leader of the band," among others.

Participants

The online survey was sent to members of several bands through personal and indirect contact, located primarily in central and northern Texas. A total of 20 amateur to semi-professional band members responded to the survey. The criteria for selection of these band members were the participants had to be currently playing in a band, they had to have at least 6 months experience as musicians or singers, and had to be at least 18 years of age.

RESULTS AND DATA ANALYSIS

The participants were first asked to complete the Big Five Personality test to determine the extent of the participants' personality traits (extraversion, agreeableness, conscientiousness, emotional stability, and openness). Next, the participants were asked to complete the Path-Goal Leadership questionnaire to identify their preferred leadership style (directive, supportive, participative, or achievement-oriented). Due to the small number of participants, a correlation analysis would not yield significance, and thus a qualitative assessment was made to identify any pattern or relationship between personality and leadership styles. Additional assessments were made to determine if a pattern existed between the type of instrument played and personality and leadership styles, as well as the musicians' education and experience. The responses to the open-ended questions were also examined to identify who was considered to present the most ideas and who was listened to the most in the band. Lastly, the participants were asked to indicate reasons why they might quit the band, as well as what personality traits they would like to see in future band members.

Personality Style

Tables 1 and 2 show the calculated scores of the Big Five personality traits and the path-goal leadership styles of the 20 respondents, further categorized by each respondent's instrument played. Table 1 identifies the actual score for each respondent, for each of the traits. A score of 10 or greater indicates a high (dominant) trait. High scores are shown in purple; low scores in orange.

Table 1
Big Five Personality Traits

Instrument Played	Extraversion	Agreeableness	Conscientiousness	Emotional Stability	Openness to Experience
Guitar	10	12	12	14	9
Drums	10	12	10	11	9
Guitar, Vocals	11	12	12	13	12
Bass	6	7	10	7	9
Guitar, Vocals	10	13	12	8	8
Keyboard	10	11	15	12	12
Guitar, Bass	6	14	8	9	9
Bass	11	10	10	12	6
Vocals	14	10	12	15	9
Flute, Vocals	12	12	14	11	8
Cello	7	11	12	9	8
Bass	8	11	10	11	8
Drums	12	15	9	12	6
Guitar, Bass, Vocal	8	12	14	14	12
Bass, Vocals	15	13	10	14	13
Guitar, Vocals	13	13	11	14	10
Bass, Vocals	15	15	15	15	11
Bass, Vocals	8	12	10	14	9
Guitar	8	11	13	7	5
Guitar, Vocals	7	8	11	8	8

With regard to the dimension of extraversion, slightly more than half (12) of the respondents had high scores. A very large majority (18) had a high score in both agreeableness and conscientiousness, while more than 75% (16) of the respondents indicated a high level of emotional stability. Interestingly, the personality trait of openness to experience showed the lowest scores with only 6 participants indicating relatively high scores.

For these respondents, the highest scoring personality traits of agreeableness, conscientiousness, and emotional stability are not surprising considering that the trait of agreeableness refers to someone who is cooperative, trusting, forgiving, tolerant, and soft-hearted (Barrick & Mount, 1991). Since a band is a group entity where cooperation and trust between members are necessary, it is not surprising that agreeableness was a dominant personality trait within this sample of musicians. It is also not surprising that lack of agreeableness is a significant factor in band break-ups. Studies identified "differences" – whether artistic, managerial, decision making, or simply not agreeing on the simplest things – are one the main reasons for break-ups (Lamb, 2007). The other two dominant traits were conscientiousness and emotional stability. Conscientiousness reflects tendencies of achievement and responsibility, and are related to job performance (Barrick & Mount, 1991). Emotional stability is associated with hard work, perseverance, and self-confidence (Barrick & Mount, 1991). For these traits to be dominant in this sample is not surprising because a band's goals should be performance, achievement and hard work in order to put on a good show for their audience. An interesting result is the low scores on the "openness to experience" dimension. Since music is a creative form of art, the results were expected to be high for this dimension because of the creativity and innovation that come with it.

Leadership Style

Table 2 shows the path-goal leadership styles of the respondents. For the directive style, scores above 28 are considered high, scores below 18 are considered low, and the rest are normal. For the supportive style, scores above 33 are considered high, scores below 23 are considered low, and the rest are normal. For the participative style, scores above 26 are high, and scores below 16 are low with the rest being normal. For the achievement-oriented style, scores above 24 considered high, and scores below 14 are considered low with the rest being normal. In Table 2, high scores are shown in purple, low scores are shown in orange, and the rest are shown in white.

Table 2
Path-Goal Leadership Styles

Instrument Played	Directive	Supportive	Participative	Achievement-oriented
Guitar	28	35	35	25
Drums	19	23	24	23
Guitar, Vocals	26	29	29	28
Bass	15	25	22	20
Guitar, Vocals	16	25	18	11
Keyboard	24	25	24	20
Guitar, Bass	17	20	24	13
Bass	21	25	22	17
Vocals	26	29	29	31
Flute, Vocals	34	32	25	28
Cello	30	33	31	27
Bass	21	24	25	29
Drums	18	25	25	17
Guitar, Bass, Vocals	24	30	29	26
Bass, Vocals	28	31	31	33
Guitar, vocals	25	27	28	23
Bass, vocals	29	32	32	29
Bass, Vocals	22	26	24	21
Guitar	24	26	20	18
Guitar, Vocals	27	29	27	23

With respect to the path-goal leadership styles, the results were varied. However, some conclusion can be drawn. Regarding the directive leadership style, three respondents scored low, three scored high, and the other fourteen were in the normal range. For the supportive leadership style, only one respondent scored low, one respondent scored high, and the other eighteen were in the normal range. For the participative leadership style, the results were interesting: no respondent had a low score, eleven respondents had a normal range score, and nine had a high participative score. Lastly, for the achievement-oriented leadership style, two of the respondents had a low score, nine of the participants had a high score, and the other nine had a normal range score.

For this set of respondents, it is evident that the two dominant leadership styles are the participative and achievement-oriented styles. This is consistent with O'Leary's (2012) suggestion that there is no "one leader" in a band because of the varied nature of rock music. It is also consistent because with participative leadership a leader allows others to participate in the decision making process, consulting with them about ideas and listening to their suggestions. Likewise, with achievement-oriented leadership, the leader aims toward establishing the best performance possible by setting high standards of excellence and challenging goals (House, 1996). This combination seems to work well with a rock band, first because a band is a collective entity where tasks and roles are usually participative and distributed among the members, and also because the aim of bands is to produce a great performance whether on stage or during practice.

Personality and Leadership Styles

In order to identify potential relationships between the personality traits and the leadership styles, a count of the number of participants who had high or dominant scores of a particular combination was recorded. The results can be seen in Table 3.

Table 3
Personality and Leadership Styles

	Directive	Supportive	Participative	Achievement-oriented
Extraversion	2	1	6	6
Agreeableness	2	1	8	9
Conscientiousness	3	1	9	9
Emotional Stability	2	1	7	8
Openness to Experience	1	0	5	4

It appears a relatively high number of the respondents who had high scores on the participative and achievement-oriented leadership styles also had high scores on four personality traits: extraversion, agreeableness, conscientiousness, and emotional stability. This is consistent with Cogliser, Gardner, Gavin & Broberg (2012) who found agreeableness was related to relationship-oriented leadership, and Emery, Calvard & Pierce (2013) who found extraversion and conscientiousness were related to relationship-oriented and task-oriented leadership. It is necessary to understand a band is a group entity that requires relational skills between the members, as well as between the band and their fans. Band members who are dominant in extraversion, agreeableness, and conscientiousness tend to have better relationship-oriented leadership evident through a participative style, fostering more interaction with others and sharing ideas and decisions. Emotional stability was not found to relate to leadership in either study mentioned above; however, this was inconsistent with the findings in this study. Other studies on emotional stability, however, show this trait is associated with hard work and perseverance (Barrick & Mount, 1991). Also, we can clearly see a pattern between the emotional stability trait and the achievement-oriented leadership style where leaders want the best performance and set challenging goals (House, 1996).

Personality and Instruments

Many participants played more than one instrument, or both played an instrument and sang. The twenty participants were categorized as follows: eight guitarists, eight bassists, ten vocalists, two drummers, one keyboardist, one flutist, and one cellist. Table 4 shows these numbers along with those who had high scores for each of the personality traits.

Table 4
Personality Traits and Instruments

Instrument	#	Extraversion	Agreeableness	Conscientiousness	Emotional Stability	Openness to Experience
Guitar	8	4	7	7	4	3
Bass	8	3	7	7	6	3
Vocals	10	7	9	10	8	5
Drums	2	2	2	1	2	0
Keyboard	1	1	1	1	1	1
Flute	1	1	1	1	1	0
Cello	1	0	1	1	0	0

Among the guitarists, seven of eight scored high on both agreeableness and conscientiousness, while five of the eight had a dominant participative leadership style. Of the bassists, again seven of eight were dominant on both agreeableness and conscientiousness, and'' six of eight were dominant in the emotional stability trait. However, among the bassists, there was no predominant leadership style. Of the ten vocalists, seven were dominant extraverts, nine were highly agreeable, all were conscientious, and eight were emotionally stable. For these vocalists, seven were participative leaders and six were achievement-oriented. For the remainder of the musicians, no clear pattern emerged between the instrument played and the personality and leadership styles.

Most of these musicians scored high on the agreeableness personality trait regardless of the instrument played. This is not unusual because being in a band requires considerable cooperation and decisions are generally made as a group and not individually. Also, most of the musicians showed high levels of conscientiousness associated with self-discipline, organization, and achievement. These traits are required to work effectively as a team. Vocalists were the only group that showed high levels of extraversion. One reason for this may be because vocalists are usually the front people during a performance and they are the ones who interact with the fans and audience, requiring them to be extraverts.

Demographics

The respondents were also asked several demographic questions. The level of education of the musicians was not found to be associated with a particular personality or leadership style, or with a particular instrument. Only three of the respondents had a degree in a music-related field. With respect to experience (number of years playing instrument(s) and number of bands played in), there results were varied and no discernable pattern associated with leadership and personality styles was identifiable. Some musicians had been playing for more than four decades and others for only a couple of years. Some musicians had played in more than six bands and others only in one.

The respondents were asked "who provides the most ideas in the band." The answers were interesting. Seven times the guitar player was mentioned as giving the most ideas, five times that the vocalist/singer gives the most ideas, and five times the response was ideas were evenly generated among the members. The balance between members giving ideas is not surprising knowing that there should be cooperation and collaboration between the members when it comes to songwriting and other ideas. However, it is interesting to see that guitarists tended to give the most ideas. Musically, this is understandable because the guitar is the most important instrument in rock music (Hempstead & Worthington, 2005). The respondents were also asked who was listened to most among the band members. The results identified the guitarist (8) and the vocalist (5) as the most frequently listened to member.

In summary, when it comes to giving ideas, while it is often even among the members, more ideas are presented by the guitarist and the vocalist. Similarly, when it comes to who is listened to the most, it is again the guitarist or vocalist. Note, this might actually be the same person in many cases.

All twenty participants agreed that when they make suggestions, the other members take them into consideration. This again illustrates the teamwork and collaboration aspect of a band where everyone should participate in the process of making music, as well as making decisions. All twenty participants also expressed they were satisfied in the role they play in their current band. This also is an indication of how important the participative and collaborative leadership approaches are within bands.

When asked about reasons to quit the band, many of the answers included: time, family, and relocating. None of the answers were related to the personalities of the other members or to the tasks and roles within the band. Finally, the participants were asked to list personality traits they would like to see in future band members if they were to start a new band. This question generated a variety of responses. Traits mentioned more than once included people who are: relaxed (fun/easy-going), open to ideas and experiences, outgoing, and trustworthy. Other preferred traits included innovative, kind, forgiving, reliable, patient, flexible, strong, funny, and enthusiastic. It is important to note that there were many similarities between some of the preferred traits and the Big Five traits, especially extraversion and openness to experience.

CONCLUSIONS

From a general perspective, agreeableness, conscientiousness, and emotional stability are the most common personality traits among the sample of respondents. Extraversion is high only among vocalists. Interestingly, openness to experience is the least common trait among the musicians of this sample. When respect to the path-goal leadership styles, the dominant scores were the participative and achievement-oriented styles. This indicates these musicians let others participate in the decision making and aim towards the best performance by setting high standards.

When comparing personality and leadership styles, musicians with dominant traits of extraversion, agreeableness, and conscientiousness also have a dominant participative leadership style because of the relationship-oriented and people-oriented aspects associated with these traits. Also, musicians with the dominant trait of emotional stability generally possess a dominant achievement-oriented leadership style, associated with hard work and perseverance, both necessary with a focus towards performance and challenges. Because of this apparent link between personality and leadership, it does appear the musician's personality is associated with the leadership role he or she has within the band.

All band members had dominant agreeableness, conscientiousness, and emotional stability traits. Vocalists were the only group with a high level of extraversion. There was, however, no direct link between type of instrument played and leadership style, indicating that while the type of instrument played is associated with the musician's personality, it is not directly associated with his or her leadership style.

No definitive relationships were found with respect to the musician's education or experience and either personality or leadership style. When it came to presenting ideas, the guitarists and vocalists generated the most ideas. Similarly, guitarists and vocalists were the band members listened to the most.

LIMITATIONS

As with all research studies, there are inherent limitations. First, the sample size was small. While twenty subjects can provide sufficient qualitative data, it does not provide an adequate number for statistical tests, such as correlation. Most of the conclusions were made based on this sample size, and a larger number of respondents could have generated differing results. However, the results with respect to dominant personality and leadership styles were consistent with the literature and prior studies. Also, the geographic area in which this study was conducted is relatively limited. The participants were mainly located in central Texas, with a few participants from the north Texas area. A more geographically dispersed population could yield different results. Additionally, the respondents were amateur or semi-professional musicians. It is possible that the results might differ somewhat had the respondents been full-time professionals, but from a personality and leadership perspective, it is unlikely the results would differ significantly. Lastly, for the topic of music in general and rock music bands specifically, very little academic research was available to guide this study. Most of the literature found was based on other kinds of music, or consisted of anecdotal stories and experiences from rock band managers and members.

FUTURE RESEARCH

Future research on the topic of personality and leadership in music can expand to include more musicians in different geographical areas, both within and beyond the United States. Rock music is only one genre. Future research can examine different types of bands and different types of music. Another topic for future research would be to examine the managerial aspects to see how managers run bands and what role personality and leadership play in defining the relationship between the manager and the band members.

SUMMARY

Due to the relatively low number of respondents in this study, this research should be considered primarily exploratory in nature. As mentioned in the review of the literature, while a few recent studies have promoted the concept of musicians as entrepreneurs and bands as businesses, very little research has been conducted to fully examine and understand the music industry as a business. As such, a band, and the members of the band, face very similar issues as do other small businesses and small business owners, including organizational influences such as personalities and leadership styles. This current study should encourage additional research into this relatively untapped venue.

With regard to the results of this study, it does appear personality is related to leadership within a band. Attributes such as experience, and education did not appear to be associated with personality or leadership styles. However, the type of instrument played did appear to be associated with personality style.

With respect to the Big Five personality traits, all five are very important especially when working in a group and towards the same goal. Agreeableness, in particular, is a must-have trait. Extraversion and openness to experience were less dominant traits identified this research; however, both were in the list of traits that the respondents said they would look for in new members. Because a band is a group of musicians working together towards achieving high quality performances, participative and achievement-oriented leadership styles seemed to work best, and not surprisingly these were the dominant styles identified in this study.

The underlying question of this study was, “What influence does personality and leadership style have on the effective organization and functioning of a rock band?”, or to put it more succinctly, “Who is the leader of the band?”. The findings indicated the front-person (guitarist and vocalist – noting that they could be the same person) of the band are usually the ones listened to the most when it comes to ideas and suggestions, and they are the ones who generated the most ideas. While situations can vary, and any particular member of a band can rise as the leader, these findings indicate, for this research and this sample of respondents, the front-people can actually have the most significant influence on other members, essentially identifying themselves as the "leaders of the band".

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IS THERE A "GLASS CLIFF OR A SOLID LEDGE FOR FEMALE APPOINTEES TO THE BOARD OF DIRECTORS?

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ABSTRACT

Ryan and Haslam (2005) report that women are appointed to senior leadership roles at firms that have recently experienced poor financial performance thus placing the appointee in a precarious position with a higher probability of failure. In contrast to the widely cited concept of the "glass ceiling," Ryan and Haslam's view their 2005 result as evidence of a "glass cliff" for females. However, there has been limited empirical support for this view, plus some contradictory findings (Adams, Gupta, and Leeth, 2009). To further test Ryan and Haslam's hypothesis, this study uses a larger and updated dataset of female board member appointments for Canada. The findings, based on a matched sample methodology, suggest that the glass cliff phenomenon is not apparent for board level appointments made in Canada. In fact, the finding of superior stock market performance in the pre-appointment period for companies appointing female directors may suggest the existence of a solid ledge, not a glass cliff, for female board appointees. In addition, the finding of superior market performance in the post-appointment period for companies that appoint males to the board supports Judge's (2003) antidotal study that motivated this type of research. Overall, the paper further advances the research concerning the theory of a glass cliff.

INTRODUCTION

Researchers have been examining barriers and challenges for women in leadership positions from a variety of perspectives since 1979 when the phrase "the glass ceiling" was first used. More recently, some researchers have found evidence of another phenomenon coined the "glass cliff" (Ryan & Haslam, 2005). The glass cliff suggests that females are more likely than males to hold or be appointed to senior positions in organizations that are in crisis. These positions are considered to be "precarious," and, therefore, are associated with a greater risk of failure.

Although Ryan and Haslam (2005, 2007) make a persuasive case to support their view of a glass cliff, the empirical support for such a conclusion is not yet rich or compelling; there is simply an insufficient body of evidence available. In fact, some researchers testing for the phenomenon have produced counter results (Adams, Gupta, and Leeth, 2009). In addition, the concept that women are breaking through cracks in the glass ceiling only to be placed on "glass cliffs" with significant barriers to success has drawn attention from the popular press. These practitioner-oriented stories have given the concept significant exposure, but the support for such a conclusion appears to be lacking. While it seems apparent that women are seriously under-represented in executive positions around the globe[1] this, in itself, does not mean there is a glass cliff. While the suggestion of a glass cliff has gained some following in the popular press, empirical testing and support for the concept lags.

There are two purpose of this study. First, this research seeks evidence of the glass cliff using data from Canada. Much of the research completed to date uses US or UK data, so results from another country will help in determining if the phenomenon exists. This will be accomplished by evaluating the impact of the appointment of women to Canadian boards using security return performance for 25-months around the board appointment. For publicly-traded companies, security returns capture the market's view of company performance. Second, this study aims to extend the analysis by using excess as well as raw return data for 25 months around the date of the board appointment. Some studies only use raw security returns; excess returns are more informative because they remove the basic market movement from the analysis and provide a more sensitive test for market reaction to a company-specific event. The remainder of this paper is organized as follows. Section 2 provides a review of the relevant literature, while Section 3 describes the methodology. Section 4 provides the results, and the final section discusses the limitations of the study, considers future research directions, and concludes the paper.

LITERATURE REVIEW: FROM THE GLASS CEILING TO THE GLASS CLIFF

There has been a great deal of discussion about and investigation into the barriers facing women as they try to climb the corporate ladder and break the "glass ceiling" (Oakley, 2000; Alimo-Metcalfe, 1995; Ragins et al., 1998; Tannen, 1994; and, Kanter, 1977). The term "glass ceiling" was first coined in 1979 by Katherine Lawrence and Marianne Schreiber of Hewlett-Packard. They described a situation where female managers attained a management level that they were not able to rise above, even though there seemed to be a clear path for promotion. This reality may be associated with women's perceived status as "tokens" (Kanter, 1977) in senior management positions, and not part of the "club."

Limiting the advancement of a qualified person within an organization creates a glass ceiling that may be due to some form of discrimination. For an organization with a glass ceiling, a visible group (women) are advanced through the ranks to a certain management level, after which there is an effective limit on their prospects (Albrecht et al., 2003). This concept has become a well accepted explanation for the paucity of women in the upper echelons of organizations. In addition, despite years of research and debate about this reality, progress for women breaking through the glass ceiling continues to be incremental.

The most common explanations offered as to why employers may discriminate against females include organizational norms such as "the old boys club," the belief that women are "too emotional" to handle certain positions, and discrimination based on embedded stereotypes about females (Reskin & McBrier, 2000). Other explanations for the lack of advancement and precarious nature of assignments can be found in social capital theory. For example, Kurma &Vinnicombe (2010) propose that social capital is necessary for organizational career advancement and it is more difficult for females to accumulate social capital. Acker's (1998) work on organizational gendering processes suggests that many organizations have a "masculine culture" presenting an additional hurdle for female advancement.

Origins of the Glass Cliff

Judge (2003) sparked interest in the study of the impact female corporate leaders were having on their organizations. Judge argued that female leaders had "wreaked havoc" on the performance of Britain's largest companies, and that companies with all male boards tended to perform better than those with females on the board. Her conclusions were based on a simple analysis of the board membership of the FTSE 100 companies[2] with the best and worst stock market performance in 2003. Companies without female board members performed better leading to her conclusion that "corporate Britain may be better off without women on the board."

In response to this story, Ryan and Haslam (2005) undertook a study of FTSE 100 companies in order to explore the relationship between board appointments and company performance. Contrary to Judge's claim, they proposed that poor company performance may precipitate the appointment of female leaders. In effect, they found that females tended to be appointed to leadership positions when company performance was poor. Ryan and Haslam (2005) dubbed this finding the "glass cliff" and argued that females were appointed to senior management or the board when the positions were more precarious and dangerous.

The theory of the "glass cliff" draws on the precarious work literature. While traditional definitions of precarious work highlight low pay, few benefits, and modest security (Vosko, 2000), current thinking has broadened the view to include work that is too difficult, dangerous, and dirty, and with delayed compensation (Lwechuk, Clarke & deWolff, 2011). As such, accepting a senior management or board appointment from a company in chaos or experiencing poor financial performance may be considered a precarious position. It likely means that the work ahead will be more difficult and less desirable than a similar appointment to a firm in good financial health.[3] In addition, if company performance further deteriorates or cannot be improved, the appointee is putting their reputation and career at risk. Finally, it is more difficult for females to obtain senior management or board appointments, thus compensation is denied or delayed, and generally reduced over the individuals working life.

Essentially, the glass cliff refers to appointments or positions that are precarious (or dangerous) for one or a combination of four reasons: the leaders of companies in poor financial health are more likely to be criticized (Ryan & Haslam, 2009); these leaders are more likely to be targets of unfair blame or censure; they are often either pushed out of office or feel compelled to "take the fall" on behalf of their organization (Ryan & Haslam, 2007, p. 557); and the blame for poor company performance tends to focus on the abilities of leaders rather than the organization. Precarious leadership positions increase the probability of negative publicity and failure (Lee & James, 2007).

Gender stratification theory suggests that women are more often offered positions that are less lucrative, less secure, or ultimately precarious (Blau, 1972). The Catalyst survey (2011) of MBA alumni perhaps highlights the precariousness of female leaders' positions relative to men by revealing that, from 1996 to 2007, senior female leaders were more than three times (19% vs. 6%) as likely to have lost their jobs due to downsizing or closure. Overall, theoretical and empirical support for the limits on female advancement in organizations ("the glass ceiling") is plentiful and helps to support the theory of a glass cliff. However, direct empirical support for the glass cliff is preliminary.

Evidence of the Glass Cliff

In their seminal work, Ryan and Haslam (2005) argue that while women are now achieving more high profile positions, they are more likely than men to find themselves in positions that are risky or precarious. Ryan and Haslam tested this hypothesis by exploring the performance of FTSE 100 companies before and after the appointment of a board member, both male and female. Their study was based on 37 U.K. companies that appointed 15 females and 16 males to the board in 2003. The measure was the change in monthly share price (the raw security return) for 5 months prior to appointment and 3 months post appointment. An analysis of the monthly company performance was conducted and a significant effect was found. The study revealed that "during a period of overall stock-market decline, those companies that appointed women to their boards were more likely to have experienced consistently bad performance in the preceding five months than those who appointed men." (p.81).

Ryan and Haslam continued their examination of the dynamics surrounding the glass cliff by identifying the various practices that may contribute to the glass cliff. They argued that "the glass cliff constitutes an additional barrier to female leaders - a 'second wave' of discrimination." (Ryan & Haslam, 2007, p. 550). They investigate implicit theories of gender and leadership, such as think manager, think male stereotypes (Ryan et al., 2011) and the importance of context and time in the application of leadership theories. Ryan and Haslam (2007) presented empirical evidence from a series of studies that suggest "think crisis – think female" stereotypes exist. Haslam and Ryan (2008) concluded from the controlled experimental research that female are more likely to be placed in organizational units that are in crisis and, therefore, associated with a greater risk of failure. Thus, this research demonstrated that the glass cliff phenomenon can be reproduced in a controlled setting using archival data.

Lee and James (2007), using a sample of CEO appointments in the USA between 1990 and 2000, found that investor reactions (stock market returns) were much more negative for female appointments versus male appointments. However, the scale of the negative reaction differed based on whether the appointment was of an inside versus outside candidate; outside female appointments were greeted with much more negative investor reactions than were inside female appointments. In addition, the study analyzed news articles on the CEOs for the year following their appointments and reported that journalists referenced gender more when writing about female versus male executives. Females appointment to senior management positions seemed to attract increased levels of scrutiny and scepticism that may support the precarious work and glass cliff literature. However, this increased reporting may also be due to the novelty of a women being appointed CEO, thus increasing the newsworthiness of the story.

Adams, Gupta, and Leeth (2009) undertook a comprehensive analysis of CEO appointments in the U.S. in their search for the glass cliff phenomenon. Using three measures of stock market returns, they reported, contrary to the findings of Ryan and Haslam (2005), that women are most often appointed to the CEO position when the company is in relatively good financial health. They found no evidence of a glass cliff for female CEOs in U.S. companies. In fact, companies that appointed female CEOs had much higher stock market returns in the pre-appointment period. The significant stock market outperformance in the pre-appointment period held for both low and high risk companies, and in both up and down markets. In the post-appointment period, companies appointing male CEOs outperformed their female counterparts.

Adams and Ferreira (2009) sampled all board appointees in the US for the period 1996 to 2003. Based on a dataset of almost 87,000 board memberships they reported that companies with a higher percentage of women boards members were more effective at tasks such as executive supervision and monitoring. In particular, female directors were more likely to sit on the audit, nominating, and corporate governance committees, and that more diverse boards were more likely to hold CEOs accountable for poor stock price performance. In addition, female directors had a better board attendance record, which also appeared to have a positive impact on the attendance of the male board members. On the negative side, however, Adams and Ferreira (2009) report that companies with more women on the board were less profitable and had lower market values. This result is consistent with the argument that too much board monitoring can decrease shareholder value, and also supports Judge's (2003) original anecdotal finding that started much of the research on the glass cliff.

Haslam et al. (2010) extended their previous work on the board composition of FTSE 100 companies to evaluate the relationship between female board membership and company performance as measured by two accounting variables and Tobin's Q, a single time period measure of company valuation. In contrast to some earlier studies concerning the glass cliff, this study considers the boards of all FTSE 100 companies for which data was available (an average of 91.6% of the companies) for five years, and considered whether one or more women were on the board. The results indicated that there was no relationship between women’s presence on boards and the two accounting based measures used. However, consistent with Ryan and Haslam (2005, 2007) and Lee and James (2007), there was a negative relationship between women’s presence on boards and company valuation (Tobin's Q). Over the five years of the study period, companies with male-only boards recorded a Tobin's Q of 1.66, while firms with a female on their board had a Tobin's Q of 1.21. In other words, on average, over the five years, companies with male only boards were valued at 66% above their book value of their assets, while those with 'mixed' boards were only valued 21% above their book value. Overall, this implies a valuation premium of 37% for companies with male only boards. It should also be noted that while this effect held for all five years, by far the largest value premium was recorded in 2001, the first year of the study period, and was much lower in the other four years.

In summary, the key variables used to test for the glass cliff are firm performance (accounting and/or market based) and gender of senior management or board of director appointees. Clearly, there is still limited literature available on this research topic, and the studies available provide inconsistent results.

While this inconsistency does not mean the glass cliff does not exist, it may suggest the issue would benefit from additional research that would further contribute to debate. As such, this study further extends this analysis by extending the original Ryan and Haslam (2005) study using data for another country: Canada.

METHODOLOGY

This study considers the appointments of women to the board of directors of the largest 100 Canadian companies as ranked by market capitalization for 2006 and 2008. (The market capitalization of a company is the common share price at year-end times the number of common shares outstanding.) Board appointees were used as Broome and Krawiec (2008) report that board appointments are a signalling mechanism to shareholders and others, and that the stock market reacts to the appointments. CEO appointments were not used as the sample size would have been extremely small. The listing of the largest 100 Canadian companies was taken from *Canadian Business* Investor 500. The year 2008 is chosen for the study because it is the most recent year for which data was readily available at the time of data collection. However, given the global financial crisis that started in 2007 and continued into 2008, it is possible that 2008 is not representative of other years in Canadian business and, therefore, 2006 was also examined because it provides a sufficient pre-financial crisis period to examine the phenomenon.

Data regarding board of directors appointments were sourced from regulatory filing on SEDAR (www.sedar.com) or the company's website. Since no database was available that provided this data, the sample was hand collected. Data collected included company name, name and gender of each appointee, the appointment date, the company's rank in the largest 100, and the company's industry. For each female appointee, a matched control sample of male appointees from one of the 100 companies in the same industry (or as close as could be found) made in the same time period was also collected. This was done for both years. The final sample consisted of 19 matched board appointments (38 total appointments) for 2006, and 12 matched appointments (24 total appointments) for 2008.

To evaluate the impact of the appointment on the company's common share price, an event study methodology was used. In this case, the impact the appointment of a new board member had on the stock market performance of the company is examined. Returns in the month of the appointment, as well as for 12 months on either side of the appointment are used. In this way, the immediate impact of the appointment (month 0) can be observed, as well as in the pre- and post-appointment period. As such, the company's market performance prior to, in the month of, and subsequent to the appointment can be observed. Accounting measures are not used in this study as it has been reported that there are no significant differences in accounting results for companies appointing males or females to senior management positions or to the board (Lee and James, 2007; Adams et al., 2009; Haslam et al., 2010). In addition, the use of accounting data can result in data interpretation issues due to the variety of accounting conventions used across firms and the prevalence of earnings management (Dyckman et al., 1984, Burgstahler and Dichev, 1997, Das et al., 2009).

For each sample company, share prices for the month of the appointment, and for 13 months prior to and 12 months after the appointment were collected. The 26 monthly closing share price for each of these companies was collected from Yahoo Finance (www.yahoo.com/finance) or hand collected from the TSX Review, a monthly publication issued by the Toronto Stock Exchange (TSX) that provides pricing and other data on each listed company. Raw monthly return of +/- 10% were investigated to determine if an unusual event occurred in the month that may explain the reason for the large change in share price (e.g., a stock split) and corrections made as required.

Stock market returns were then calculated for each year for both the female and the matched male board appointees. Raw returns and excess returns were calculated for each month in the 25-month study period. The raw return is simply the share price in month (n) divided by the share price in the previous month (n-1), subtract 1. A positive (negative) value for the result means the share price has increased (decreased) in the month. Raw returns are influenced by both company specific and general market factors, and thus can be highly variable and very insensitive to company specific factors. Excess returns are used to remove the influence of broad market events from the return data. While there are many ways to calculate excess returns, market adjusted returns (MARs) were used for the purpose of this study.

The MAR is the company's raw return, as calculated above, less the return earned on the S&P/TSX Index for the same month. The S&P/TSX Index is the measure of the overall performance of the Canadian stock market. This approach removes the influence of general market movements and events and allows for a more focused view on events affecting the company. With each month's raw and excess return calculated, a cumulative return for both the raw and excess returns were calculated for the period prior to (months -12 to -1) and subsequent to (months +1 to +12) the appointment. The month of the appointment (the event month) was considered separately.

The cumulative raw returns (CRR), cumulative excess returns (CER), and return for the month of the announcement (month 0) are the main focus of this study. To test if the differences in returns between the matched samples were significant, t-tests were used. Based on the literature, the following hypotheses were developed and tested:

H1 *The CRR and CER for companies that appoint females to the board of directors, are lower than for companies that appoint males to the board in the 12 month period prior to the appointment.*

H2 *The average raw and excess monthly stock market returns in the appointment month (month 0) are negative (or more negative) for female appointees due to the increased level of scrutiny and scepticism that female appointments seem to attract.*

H3 *The CRR and CER for companies that appoint females to the board of directors, are no different than for companies that appoint males to the board in the 12 month period following to the appointment.*

RESULTS

In 2006, 64 of the largest 100 companies made 118 appointments to the board of directors. Of these, 19 companies appointed 22 women to the board. Due to missing pricing data for three companies, only 19 of these board appointments are included in the final sample. For 2008, 59 of the largest 100 companies in Canada appointed 96 new directors to the board. Of these, 11 companies appointed 15 women to the board. Due to missing pricing data, only 12 of these board appointments are included in the final sample. The Appendix lists the female board appointees, and the matching male appointees for 2006 and 2008.

Further analysis (see Table 1) reveals that women were appointed to the boards of a variety of industries in both 2006 and 2008. Given the dominance of the energy, financial, and materials industries on the Toronto Stock Exchange,[4] it is not surprising that the majority of appointees come from those three industries in both years. It should also be noted that in 2006, the consumer goods industry was well represented with female appointees.

Table 1
Number of Female Board Appointments by Industry

Industry	Number of Appointments in 2006	Number of Appointments in 2008
Energy	4	2
Financials	3	3
Materials	3	3
Utilities	2	2
Information Technology	1	
Consumer	4	1
Industrials	2	1
Total Appointments	19	12

For each appointment, raw and excess returns for each of the 25-months around the appointment were then calculated. The female appointees for 2006 were then grouped to form a portfolio and the average raw and excess returns calculated. This process was repeated for the male appointees and for 2008. The net result was a series of 25 monthly average raw and excess returns for each group of appointees for each year, or 200 returns in total. To increase the sample size and the power of the t-tests, the two years were also combined resulting in a single series of 25 raw and excess returns for both the male and female appointees (100 total returns). To preserve space, this data is not included in the paper, but is available from the authors upon request.

Finally, the average cumulative raw returns (CRR) and average cumulative excess returns (CER) for the pre-appointment period (months -12 to -1) and post appointment period (months +1 to +12) for the male and female appointments were calculated. This was done for 2006, 2008, and for both years combined. These results, together with the average returns for the appointment period (month 0), are provided in Table 2. The Table includes six average returns for each of the male and female appointees for each year and for both years combined, or 36 in total. So, in total, 336 average returns are available to test for reaction to the appointment of board members. To determine whether any of these numerous returns are significant, four types of t-test analyses were used.

Table 2
Raw and Excess Returns For the Pre-Appointment, Appointment, and Post- Appointment for Male and Female Board Members in 2006 and 2008

2006	Male Appointees	Female Appointees	T-test of difference
Period -12 to -1			
Raw Returns	9.44% (1.13)	17.52% (2.36)*	-0.72
Excess Returns	1.29% (0.19)	3.50% (0.62)	-0.25
Month 0			
Raw Returns	-0.83% (-0.38)	2.66% (1.44)	-1.21
Excess Returns	-1.34% (-0.67)	3.60% (2.09)*	-1.86**
Period + 1 to +12			
Raw Returns	9.70% (1.32)	3.68% (0.55)	0.61
Excess Returns	2.15% (0.33)	-7.99% (-1.52)	1.21
2008	**Male Appointees**	**Female Appointees**	**T-test of difference**
Period -12 to -1			
Raw Returns	-12.39% (-1.14)	-3.51% (-0.49)	-0.68
Excess Returns	-2.19% (-0.23)	0.05% (0.01)	-0.19
Month 0			
Raw Returns	3.04% (1.63)	-1.31% (-0.35) (-0.35)	-0.42
Excess Returns	-3.28% (-1.45)	-2.77% (-0.77)	-0.12
Period + 1 to +12			
Raw Returns	-7.83% (-0.80)	-9.45 (-0.54)	0.08
Excess Returns	16.37% (1.88)**	14.21% (0.80)	0.11
2006 & 2008	**Male Appointees**	**Female Appointees**	**T-test of difference**
Period -12 to -1			
Raw Returns	0.99% (0.15)	9.38% (1.68)**	-0.95
Excess Returns	-0.06% (-0.01)	2.17% (0.48)	-0.31
Month 0			
Raw Returns	-1.68% (-1.11)	1.12% (0.62)	-1.18
Excess Returns	-2.09% (-1.40)	1.13% (0.63)	-1.38
Period + 1 to +12			
Raw Returns	2.91% (0.49)	-1.40% (-0.18)	0.44
Excess Returns	7.65% (1.44)	0.61% (0.08)	0.75

Notes: The sample size is 19 matched appointments in 2006, and 12 in 2008. The combined results are for 31 matched appointments.
* The return is significant at the 95% confidence interval.
** The return is significant at the 90% confidence interval.

First, the average raw and excess returns for each of the 25-months for each of the samples was tested to see if any were significantly different than 0. Since there are six samples (the matched sample of appointees for 2006, 2008, and both years combined), 150 average raw returns are tested. Of the 50 monthly average raw returns for 2006 (25 average returns for each of the matched samples of male and female appointees), only 7 were significantly different than 0 at a 95% confidence level. For 2008, only four of the average raw returns were significantly different than 0 at a 95% confidence level. Finally, when both years of data were combined, only four of the average raw returns were significant, for a total of 15 overall. While this is double the number one might expect to observe by chance, it is still a relatively low number which is not surprising given the numerous market and company specific variables that influence raw returns during a month. In the month of the announcement of the new board member (month 0) when one might expect more market reaction, none of the six average raw returns were significantly different than 0 (see Table 2).

Of the 50 monthly average excess returns for 2006, only five were significantly different than 0 at a 95% confidence level. For 2008, only four of the average excess returns were significantly different than 0 at a 95% confidence level. Finally, when both years of data were combined, only two of the 50 average excess returns were significant, for a total of 11 overall. This is only slightly more than the number one might expect to observe by chance, and suggests that the appointments did not result in statistically significant moves in excess returns. Again, this is likely not surprising given the numerous company specific variables that influence excess returns during a month.

The second type of t-test analysis further analyzed the average excess returns for the impact of the appointment in the month of the announcement of the new board member (month 0). This separate analysis was done as it is usual for excess returns to be more sensitive to the event being studied in the period the event occurs (Hennessey, 1995). Therefore, if the event is informative for the market, it might be expected that there will be significant returns in month 0. This is indeed the case where in 2006 the return in month 0 for the female appointees was significantly positive at a 95% confidence level. This result provides modest evidence that female appointments may be perceived in a positive manner by the market. However, since this result was not repeated in 2008, or for the combined sample, it can be concluded there was limited market response to the appointments when average raw excess returns were measured on a monthly basis.

The third type of t-test analysis compared the average returns for each of the 25-months for the matched samples to see if any were significantly different. That is the returns for the matched sample of male appointees were compared to those of the female appointees. This was done for both the raw and excess returns. Of the 150 matched sample monthly returns (25 for each of the two years, plus for the two years combined for both the raw and excess returns), only one raw return and four excess returns were significantly different from the other at a 95% confidence level. It should be noted that one of these was the excess return in month 0 for 2006 where the female appointments were greeted much more positively than the male appointments. Across all returns, however, five significant results are fewer than you would expect to observe by chance and indicate that the appointments were not treated differently by the market regardless of the gender of the appointee.

The fourth and final type of t-test analysis considered the cumulative raw returns (CRR) and cumulative excess returns (CER) for months -12 to -1 and months +1 to +12 for the three matched samples to determine if they were significantly different than 0, and the matched samples were tested to see if any were significantly different from each other (see Table 2). In the first analysis, the CRR in the -12 to -1 period for the female appointees in 2006 was significantly positive at a 95% confidence level. This pre-announcement significant outcome also occurs when the two years are combined. It should also be noted that in 2008, the companies appointing female board members performed much better than those appointing male board members, though the results were not significant. Overall, these results suggest that companies appointing female board members performed much better in the period prior to the appointment which counteracts the glass cliff theory and is consistent with the results reported by Adams, Gupta, and Leeth (2009).

Turning to the post-appointment period, months +1 to + 12, only one of the 12 CRR and CER were significant, though the pattern in all cases was that the returns for companies appointing male board members were better (less negative or more positive) than for those appointing female board members. This result is similar to that reported by Judge (2003) in the original article that motivated the research in this area; companies appointing males to the board tend to perform better in the period following the appointment than those appointing females. However, none of the matched CRR or CER were significantly different from the other at a 95% confidence level. This can be seen in Table 2. Therefore, while the pattern of better market performance in the pre-appointment period and poorer performance in the post-appointment period for female appointees is apparent, the differences are not statistically significant.

Based on these results, it is clear that all three hypotheses that are based on the literature can be rejected; companies appointing females to their boards exhibit superior stock market performance in the pre-appointment (months -12 to -1) period, and the appointment period (month 0). These findings are counter to results reported by Ryan and Haslam (2005), and inconsistent with the concept of a glass cliff. In the post-appointment (months +1 to +12) period, companies appointing males to their boards exhibit superior stock market performance. This result is consistent to the original Judge (2003) anecdotal study, but also the much more comprehensive and conclusive Adams and Ferreira (2009) result.

LIMITATIONS OF THE RESEARCH, FUTURE RESEARCH DIRECTIONS, AND CONCLUSION

This study tested whether differences exist in security market performance for companies that announce the appointment of a female versus a male board member. The motivation for the study was Ryan and Haslam (2005) who reported that women tend to be appointed to leadership positions when company performance is poor. Accordingly, these positions tend to be more risky and precarious. Board of director appointments made by the 100 largest Canadian companies in 2006 and 2008 was the basis for selecting the sample. A matching methodology was used whereby a female board appointment in a given year was matched with a male board appointment in the same industry at the same time of the year.

Based on a matched sample of 31 board appointments for 46 Canadian companies in 2006 and 2008, this paper reports that female appointments to the board followed a period where the companies making these appointments exhibited superior performance to those companies appointing males. This finding suggests the existence of a solid ledge, not a glass cliff, for female appointees. In addition, there is evidence that the market reacted more favorably to the appointment of female versus male board members in the month of the appointment. Finally, in the period subsequent to the appointment (months +1 to +12), companies appointing females underperformed those appointing males.

This finding is counter to Ryan and Haslam's (2005) study which reported that females, in contrast to males, were appointed to boards after a period of relative company underperformance. In contrast to Ryan and Haslam, who only used raw returns across nine months, this study uses both raw and excess returns across 25 months: the 12 month pre-appointment period, the 12 months post-appointment period, and the month of the appointment were used to uncover differences in company performance. With a similar sample size to Ryan and Haslam's, but longer study period, this study reports very different results for appointments to the board.

However, the findings of this study are similar to those reported by Adams, Gupta, and Leeth (2009), who found that females were appointed CEO's of companies that had superior stock market performance. They concluded that "women and men appointed to the CEO position at US firms are on a level playing field" (Adams et al., 2009, p.10). This result might be considered startling given the abundance of literature highlighting the barriers faced by women in attaining senior leadership positions (Oakley, 2000; Alimo-Metcalfe, 1995; Ragins et al., 1998: Tannen, 1994; Schien & Mueller, 1992; and, Kanter, 1977), but is also consistent with the findings of this study where superior pre-appointment market performance is also observed for board appointees. In addition, the results of this study support those of Judge's (2003) antidotal study which shows that companies with all male boards tended to perform better than those companies with women on the board.

There are some limitations to this research that must be considered when interpreting the results of this and the earlier studies. First, it is possible, even probable, that glass cliffs may not always be apparent when one looks strictly at the stock market performance of a company (Ryan and Haslam, 2009). All three of the discussed studies use this metric to study the hypothesis, and market performance may not be robust enough to study the hypothesis of a glass cliff. Second, in this event study, monthly return data was used. However, a month may be too long a period to use to try to isolate the stock market effects of a board appointment. The event study method assumes that during the event window, monthly in this case, there are no confounding effects. Daily return data could be used in future research to more closely focus on the event in question.

Third, and related to the above, rather than using the appointment date as time 0, the announcement date could be used as that is when the market becomes aware of the event in question. This again will increase the precision of the tests. Fourth, an obvious limitation of these studies is the sample size. Historically, very few females are appointed to CEO or board positions. For example, in Canada, women account for less than 10% of board of director appointments (Catalyst, 2010). As a result, even when the two years of female board appointments are combined the sample size remains relatively small. Therefore, a longer study period may be required to deal with small sample size. It may also be possible to broaden the analysis and include females appointed to the board, and the top five senior management positions (which are reported by all publicly-traded companies). A regression analysis could then be utilized to control for board, CEO, or senior Vice President (VP) female appointments.

In order to better examine the glass cliff phenomenon, research must continue using both quantitative and qualitative approaches. Undertaking qualitative research on the glass cliff may be difficult given board access issues. In addition, both male and female board members may question the possibility that a glass cliff exists in their organization. Most organizations are unwilling to acknowledge sexism, racism, or other potentially controversial motivations for appointments to precarious positions, and many women avoid discussions of gender politics (Mainiero et al., 1994).

In conclusion, it seems clear the "glass ceiling" is still evident; women continue to be under-represented in senior management positions and in corporate boardrooms. However, conclusive evidence for Ryan and Haslam's (2005) conjecture of a "glass cliff" is lacking. This, however, has not prevented the popular press from giving the glass cliff significant coverage without full empirical support. The theory of a glass cliff provides an excellent illustration of the research-relevance gap (Briner and Denyer, 2012). While the concept is relevant, it has been too quickly accepted as valid, without the supporting empirical results. Closing the research-relevance gap requires more than limited data that make for compelling headlines. More and different types of research is needed to further test for a glass cliff as to date the results are mixed with some research suggesting there is a solid ledge, not a glass cliff, for female appointees.

If the glass cliff exists, it is important to explore the implications for women in the workplace, to understand how it impacts the choices of women seeking leadership positions, and to consider why women accept these precarious leadership positions. Do they take these positions because they see no alternate route through the glass ceiling? Although incremental, the increasing number of women in senior management positions and in the boardroom is a positive development. However, if accepting precarious or risky positions is the only option for advancement, then women must understand the dangers and the potential career impacts associated with such appointments.

ENDNOTES

1. For example, in the Fortune 500 listing of the 500 largest US corporations, females hold only 16.1% of board of director seats, 14.1% of executive officer positions, and 7.5% of executive officer top-earner positions. In the FP500 listing of the 500 largest Canadian corporations, only 14.5% of boards of director members are females. In 2011, approximately 40% of companies had no female board members, and women held just 3.6% of board chair positions (Catalyst, 2011, 2012). The situation is no better in Europe where Iversen and Frances (2010) report that only 10% of board members and only 3% of CEOs are females.

2. The FTSE 100 Index is a share index of the 100 most highly capitalized U.K. companies listed on the London Stock Exchange.

3. An example current at the time of the writing of this paper (summer 2013) may be accepting a senior management or board position with Research In Motion (RIM) versus Apple.

4. In 2006 (2008), these three industry sectors accounted for 76% (74%) of the market value of the ten major sector indices that are followed on the TSX.

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AN EXAMINATION OF THE IMPACT OF GENDER ON LEADERSHIP STYLE AND EMPLOYEE JOB SATISFACTION IN THE MODERN WORKPLACE

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ABSTRACT

Countless studies have been conducted examining the effects of job satisfaction on important workplace attitudes and behaviors. There have been an equal number of studies concerning the effects of leadership style on employee behaviors, and numerous attempts to correlate the two from various sides and angles. It has been broadly determined that management roles have implications on employee job satisfaction and workplace behaviors. Also, there have been several studies concerning the role of gender on leadership style and employee job satisfaction. However, the results of these past studies are somewhat inconsistent, so the focus of this paper is to provide a review and investigation of past research findings with the goal of shedding some light on the relationship between these variables in today's workplace.
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INTRODUCTION

Managers play a pivotal role in affecting employee job satisfaction and success. It has been suggested that men and women have varying preferences for their manager's gender (Preko, 2012). For example, past studies have provided evidence to support that males are more critical of females in leadership roles (Sinclair and Kunda, 2000; Sheppard and Aquino, 2013). Other research shows that the evaluations of female leaders are more negative even if they exhibit masculine leadership characteristics (Eagly, Makhijani, and Klonsky, 1992; Schieman and McMullen, 2008). In fact, the past leadership "prototype" in the U.S. tended to include male-oriented traits such as being "aggressive, objective, dominant, competitive, and decisive" (Padilla, 2006). Although past leadership prototypes tended to include traits more associated with males than females, there appears to be a evolution taking place in the 21st century workplace caused, in part, by changes in workplace demographics. In fact, some recent research suggests that many employees are beginning to prefer traits normally associated with female leaders (Girlando and Eduljee, 2010). Our modern-day workplace may be becoming more feminine in its leadership preferences (Grissom, Nicholson-Crotty, and Keiser, 2012).

Since the late 1980's, women have been a permanent fixture in workplace management in the U.S. In 2010, the U.S. Labor Department reported that 58.6 % of all women 16 years and over, or about 72 million females, were counted in the labor force. Of that 72 million, about 40% were either in managerial or professional occupations (U.S. Department of Labor Statistics, 2011). The changes to workforce demographics are inescapable and, for that reason, there have been a myriad of studies comparing the differences in male and female leadership over the past 30 years.

It has been argued by several organizational behavior researchers that the influx of "Generation Y" employees will change the culture and attitudes in the 21st century workplace, such that the workplace will become more female-oriented in its cultural characteristics and leadership traits -- emphasizing teamwork, empathy, work-life balance, and nurturing relationships. The workplace continues to change, and the need for current research to address these changes is constant. The purpose of this paper is to investigate current research in this area to determine if gender role perceptions and leadership styles are changing in light of the cultural shifts that we are beginning to see in the modern-day workplace. This paper will review past research to: (1) determine if there are certain leadership styles that are related to leader gender, and (2) investigate the link between leader gender and employee job satisfaction.

REVIEW OF THE RESEARCH LITERATURE

Research on Leadership Styles

Grisoni and Beeby describe leadership as "generating a point of reference against which a feeling of organization and direction can occur" (2007, p. 193). Behavioral theories, like the ones developed at the University of Michigan's Research Center beginning in the 1950's, offer leader-centric theories that posit leaders will fall into one of two categories: employee-oriented or production-oriented. An employee-oriented leader is focused on interpersonal relationships in order to better understand and accept varying employee needs and differences. Ashmos and Nathan (2002) explain the various types of exchange that might encompass interpersonal exchange would include, "talking, interaction, conversation, argument and dialogue with others" (p. 204). Conversely, the production-oriented leader is task-oriented and consistently concerned with attaining goals. These leaders create work environments that operate by and through authoritative acts.

Fiedler (1971) argued that the leader is not the only variable of consideration in a superior-subordinate relationship. He believed that leadership was based on situational context, leader-follower exchanges, and the power it provides the leader. If the leader does not fit the organization, it would be necessary to change the leader or change the group to fit the leader. For example, CEO's might change an organization to fit their leadership style, but a team leader might be replaced or transferred if the fit is not conducive to goal accomplishment. In Fiedler's theory, the employee position and the leader's relative power are key.

Transactional styles of leadership like Leader-Member Exchange Theory (LMX) expect that leaders will engage in a form of favoritism by rewarding members of their group who they prefer and punish those they do not (Liden, 1997). This type of leadership is unobtrusive unless an employee strays from the company or relationship standards and then it relies heavily on a manger's ability to reward and punish.

Grisoni and Beeby (2007) advocate for a facet of leadership that includes the "facilitative, reflective and relational skills" (p. 192). They describe a multi-faceted description of necessary leader qualities, including being authoritative, providing guidance and direction, cooperating and engaging in employee dialogue. These qualities allow the leader to validate or adjust their perceptions based on evidence rather than their biases and garner input about more efficient or satisfying ways of meeting organizational goals while maximizing employee satisfaction. The end result is a leader who seeks to understand employee capabilities and limitations and finds the best course within those parameters to accomplish the mission.

Modern theories of leadership focus on a leader's ability to inspire. According to charismatic leadership theory, leaders inspire because they appear to transcend worldly affairs and are therefore perceived as superhuman (Robbins and Judge, 2012 p. 157). Transformational leaders inspire through consideration and empowerment.

The various leadership styles may not operate independently. There is much evidence to suggest that combining leadership styles can be very effective. Grisoni and Beeby (2007) explain the complementary nature of transformational and transactional leadership, "[they] are processes with the respective capacities to develop and sustain individual identity in so far as they have the potential to meet followers' needs for self-enhancement (via inspiration and empowerment) and self-efficacy (via contingent rewards)" (p. 193). If we accept a leader's identity as meeting followers' needs then we must consider the leader characteristics that define identity. Because we have chosen to focus on gender as the defining characteristic of leadership in our research, we must now seek to find out if a person's gender identity affects their leadership style.

Differences in Leadership Styles Between Men and Women

In earlier studies, researchers asserted there were no differences in leadership styles of men and women (Posner and Munson, 1979; Powell, 1990). More recently, however, there has been a shift to label the different characteristics of leadership as masculine or feminine, allowing both men and women to exhibit characteristics of either gender (Burke and Collins, 2001; Hopkins, 2002). In the past, there has been a general consensus among researchers that in the U.S. culture the stereotypical masculine approach has been idealized as the more successful leadership style. A masculine style of leadership exemplifies a more rigid approach that is productivity-driven and focuses on the end result. Hasan et al. (2011) claimed that "men are more argumentative, give their opinions and don't share any personal information" (p. 317). They continue to express that men are more direct in decision-making and are, in essence, autocratic taking little consideration for employee's opinions.

In their 1990 meta-analysis, Eagly and Johnson compiled 144 studies on leadership style in an attempt to determine if gender was a factor in defining leadership characteristics. Their research sought to match the varying study outcomes to specific leadership styles. They focused on behavioral leadership styles refined by research at Ohio State and the University of Michigan that determined there are two types of leaders: "task-oriented" and interpersonal (or "relationship-oriented"). They also used leadership research refined by Vroom and Yetton (1973) to establish the second set of leadership styles: "Autocratic" and "Democratic." Their analysis found that a leader's context dictated the type of leadership style he/she exhibited. If a leader was in a role that was congruent with his or her gender, they were more likely to exhibit task-oriented leadership, i.e., males in a masculine role and females in a feminine role (Eagly and Johnson 1990). These findings may suggest that "being out-of-role in gender-relevant terms has its costs for leaders in terms of some decline in their tendency to organize activities to accomplish relevant tasks" (Eagly and Johnson, 1990, p.248). It also suggests that a leader acting in an out-of-context gender role may be forced to validate decisions or seek input from employees more often, creating a need for an interpersonal style of leadership and giving the impression of democracy. Emphasizing the limitations of their data, Eagly and Johnson also explained that female leadership was more consistently democratic across all environments and men more autocratic. Their findings support that leaders, both male and female, in situations where there is readily identifiable value incongruence will seek input from employees in order to better understand the context of the organization mission. This value incongruence may, to some extent, support the more democratic style exhibited by female leaders. It is important to note that at the time of this study (1990), female managers were still considered token in many industries. Female leaders were many times treading uncharted waters and, in consideration of their newness and the stress on employees created by their positions, many chose to accommodate their leadership styles for everyone involved.

The male approach has been perceived as the more successful style of leadership in most studies and, in comparison to the female approach, is more readily received as the prototype or standard for effective management (Geddes, 2001). This dominant perception of successful male leadership was clarified by Hasan et al. (2011) when they explained that the feminine style is less aggressive and more nurturing. Women typically offer support for employees, avoid conflict by cooperative talking, and are flexible (Hasan et al., 2011). The stereotypical woman is now finding herself in a conundrum. She can approach her employees as a nurturing, democratic leader and find a way to earn their respect for her leadership or adopt a more masculine approach in order to be perceived as a more authoritative figure that exemplifies control.

If one accepts the assertion that masculine leadership is preferred over feminine leadership, one would question if this preference would move women to lead with a more masculine approach in order to be more openly received as effective managers. However, there is some empirical evidence suggesting that an androgynous approach of a female leading with a masculine style can have negative effects on the perceptions of subordinates and could be a less effective leadership approach (Geddes, 2001). In fact, when observed in androgynous form, feminine traits might be more desirable than the masculine traits in today's workplace (Geddes, 2001). Schieman and McMullen (2008) followed up this research with a study of various superior-subordinate gender dyads, which provided further proof that women who are forced to act in more masculine roles or scenarios are often at a disadvantage. The study supported the notion that women filling masculine roles or taking on masculine attributes are likely to be rated lower in effectiveness and competence. Thus, it is questionable if masculine leadership traits are as desired as many previous studies have suggested.

With consideration for varying leadership styles, one would assume that the opinions of subordinates vary in terms of their preferences of supervisor leadership style and abilities. It has been suggested that men and women have varying preferences for their manager's gender (Preko, 2012). There are a variety of influences to consider that one's gender and/or leadership style has on a manager's effectiveness, including communication style, persuasion ability, and trustworthiness. Interestingly, there has been some evolution in employee's opinions on the more successful gender leadership stereotype (Grissom, 2012). In 1973, Schein's research showed that both men and women preferred male characteristics in leadership. About 15 years later, Schein teamed up with Brenner and Tomkiewicz who found that women's opinion on the superiority of male leadership waned; however, men's opinions appeared to remained stable across time (Grissom et al., 2012, p. 655).

The Relationship Between Supervisor Gender and Job Satisfaction

A lesser-discussed topic includes that of the relationship between supervisor gender and employee job satisfaction. While there are vast studies concerning employee job satisfaction, less is known of the effects of gender on the individual level of interaction that occurs between a leader and a member. Employee job satisfaction is important because it can impact several important work-related attitudes and behaviors. Over the last five decades or so, thousands of studies have shown that job satisfaction affects such work behaviors as organizational citizenship behaviors (going above and beyond the job description), counterproductive work behaviors, turnover, absenteeism, other withdrawal behaviors (Spector, 1997). It has also been correlated with customer satisfaction and loyalty, so it has a definite impact on a firm's operating costs and bottom-line (Snipes, 2005). Few studies have found a significant direct correlation between leader gender and subordinate job satisfaction. The relationship between job satisfaction and leader gender appears to be more complicated (Ashmore and Del Boca, 1986; Grissom et al., 2012).

Tsui and O'Reilly (1989) suggested that demographic dissimilarities between supervisor and employee could lead to lessened communication and possibly create "role ambiguity" and "role conflict" and affect employee job satisfaction. In a leader-member exchange, this is an outcome associated with a member's inability to match his or her role perceptions outside of the workplace to the organization or leader's role expectations within the organization. For example, an animal rights activist who accepts a job in a laboratory that conducts experiments with animals might experience role conflict. Differences in beliefs and backgrounds can lead to miscommunication, misconceptions of the employee's role, and possibly create internal issues within the workplace (Tsui and O'Reilly, 1989; Malangwasira, 2012). The leadership style of the manager helps to shape the interactions between manager and employee by defining how they approach the employee and help to outline the role of the employee in the workplace. The employee's perception of the manager plays a large role in the establishment and maintaining of the relationship also.

Demographic differences can create communicative "noise" between the supervisor and employee causing both sides to filter information in a way that alters their perception of the actual information being communicated. In fact, the masculine traits associated with successful leadership in the past may have created several hurdles for both sexes in the workplace. Some studies have shown that male job satisfaction may suffer because of unmet expectations while working with a female supervisor, while female job satisfaction will remain unaffected because of their evolving opinions on successful leadership traits (Grissom et al., 2012). Other studies have provided evidence to support that males are generally more critical of females in leadership roles (Sinclair and Kunda, 2000; Sheppard and Aquino, 2013). Several studies have shown that female leaders' evaluations are generally more negative than males, even when females exhibit more masculine leadership characteristics (Eagly, Makhijani, and Klonsky, 1992; Schieman and McMullen, 2008).

Leader-Member Exchange is a term applied to the relationship between supervisor, referred to as "leader", and employee, referred to as "member", which in effect has an impact on the work environment and an employee's perceptions of his or her supervisor (Milner et al., 2007). Since a person's attitude is partially based on his/her perception of reality, it is possible that productive, positive exchange in a leader-member relationship might lend itself to job satisfaction, however there are other aspects to consider. A person's attitude about the opposite sex's role in leadership may affect his/her perceptions as well. For example if a female member questions her male leader's ability to assess the emotional needs of pregnant women, she may be more inclined to reject suggestions from her male supervisor about ways to approach and care for pregnant women.

The relationship between the leader and member is influenced by a variety of factors including personality, the amount of time the leader and member have worked together, and demographic differences. As with any relationship, the relationship between supervisor and subordinate is built upon interactions and communications that transpire between one another. The uniqueness of each relationship is equivalent to the differences in the individuals that make up the relationship. Each person brings to the union their own background, values, and demographic differences or similarities (Bauer and Green, 1996). Thus, no two relationships are alike. At the start, prior to the establishment of the relationship, these demographic characteristics are not fully presented and not all information about each individual is fully disclosed in the initial exchanges. The demographic similarities and differences later reveal themselves in the interactions and help define the relationship between leader and member. Claims have been made that supervisors generate unique relationships with each subordinate as they work together to define the subordinate's role (Grean and Uhl-Bien, 1995; Yukl, 2010; Malangwasira, 2012). Some research has suggested that supervisors and managers form closer relationships with those whom they share "relational demography" (Milner et al., 2011, p. 319). A variety of research supports the concept that demographic differences between supervisor and employee have been found to play a vital role in the relationship between the two, and gender differences can lead to lower quality of interaction (Malangwasira, 2012). Thus, one might assume that this reference would indicate that employee's prefer a supervisor of similar gender. In fact, one recent study conducted by Milner et al. (2011) conceded that females prefer to operate under a female supervision and males prefer male supervision. However, this study was conducted on a small sample of only 29 individuals. Even so, this result lends itself to the support of preferential gender congruence found between supervisor and employee, but is incongruent with decades of Gallup surveys that support the claim that male leaders are preferred over female leaders. Therefore, it is questionable if gender congruence provides for better leader-member exchange.

According to Schein (2001c), since the 1980's, women's' perceptions of management globally have evolved from a perceived notion that management is a male-dominated arena where women do not have the skills necessary to be successful, to now viewing women as equally equipped as their male counter-parts. Schein continues to note that male perceptions, however, have not evolved as much during this time. With such attitudes one could see how gender congruence can affect the exchange between supervisor and employee. On the other hand, there are a great deal of inconsistencies in the findings of studies that have attempt to identify employee preference of supervisor gender (Grissom, et al. 2012). Some speculate that leadership style holds as much weighted value as gender when evaluating one's satisfaction with supervision. Subsequently, gender along with leadership style together hold significance to the employee, but preferred gender is more debatable (Grissom et al., 2012).

In 2012, Singh et al. conducted a study to determine the opinions male and female employees hold toward their bosses. The study consisted of surveys that identified the characteristics and gender of the best and worst bosses they had ever had and then ranked them. The characteristics provided for the title of best boss included: empowering, knowledgeable, inspiring, developmental, visionary, humane, credible, encouraging, approachable, open-minded, self-assured, decisive, and rewarding. Characteristics of worst bosses included: autocratic, uninspiring, degrading, lacked vision, phony, unfair, condescending, poor communicator, disorganized, dishonest, unapproachable, manipulative, selfish. One could question how these characteristics are related to gender and leadership style. The second phase of the survey directly asked the employee to identify the gender of their best boss and their worst boss. Interestingly, the survey indicated that women listed women as the best bosses and men as their worst bosses. The men predominantly listed men as the best and worst bosses. However, the researchers posited that men have more opportunities to act as the "best or worst bosses, partly explaining why both the men and women in our study perceived both their best and their worst bosses to have been men" (Singh et al., 2012, p. 14). Even so, this information lends itself to the theory that gender influences the relationship between supervisor and employee.

Grissom et al. (2012), expressing concern about the lack of data on public sector turnover, sought to investigate teacher turnover in public schools. They hypothesized based on Byrnes's (1967) similarity/attraction theory, Tajfel and Turner's (1979) social identity theory, and a large body of research that showed similar demographic characteristics many times equated to common experiences and values, that "gender congruence among supervisors and employees [would] increase employee satisfaction and reduce turnover" (Grissom et al., 2012, p 655). Research suggested that men viewed masculine leadership as a more successful form of leadership; therefore, they hypothesized that "gender congruence among supervisors and employees will have a larger impact on satisfaction and turnover when employees are male" (Grissom et al., 2013, p. 656). What they found, however, was that female employee satisfaction and turnover was similar for male- and female-led schools, while male employee satisfaction was lower and turnover was higher for female-led schools. Despite the limitations of their research, Grissom et al. reasoned that for companies with a minority population of male employees, gender congruence matters.

In 1990, Eagly and Johnson investigated past studies on gender leadership styles to determine if there were factors in place that might affect researchers' conclusions. Their investigation led to a conclusion that a researcher's areas of expertise could impact research results -- researchers who focused on leadership would have very different outcomes compared to social psychologists' research outcomes. They attributed this discrepancy to factors in the study design. Leadership studies were mostly surveys or case studies within an organization, while psychological research was conducted in laboratories or field settings not embedded within organizations (e.g., on street corners). In such environments, subjects interact with strangers on a short-term basis, and the constraints of organizational and familial roles are generally minimal or absent" (Eagly and Johnson, 1990, p. 235). In essence, the subjects are more than likely to behave in more globally acceptable ways rather than in ways that are indicative of the roles they fill based on their daily relationships. The researchers also found that gender-specific leadership styles may not present themselves when male and females occupying the same managerial role are compared because the organizational guidelines of the job act as a constraint on leadership style. This suggests that "organizational roles similar in status and power mitigate the perceived differences of gender, but once the organizational context is removed, gender differences become more apparent" (Eagly and Johnson, 1990, p. 234). There is also some support that male and female leadership styles become androgynous and, as Eagly and Johnson report, both sexes will behave to a managerial stereotype that adopts "the best" leadership characteristics of the opposite sex and that the differences in leadership styles are actually an ingrained social response by employees that attributes specific behaviors based on sex. This is supported by Sheppard and Aquino's 2013 report that highlights the perception differences and attribution errors associated with male versus female conflict. Attribution errors have been associated with gender-role spillover, a phenomenon where society's gender behavioral expectations undermine organizational roles and cause members to develop different performance expectations for male and female managers (Eagly and Johnson 1990, p. 235).

Gender-role spillover can also affect the attitudes of organization members towards female managers. In 1990, Eagly and Johnson claimed that organization members are more likely to have negative attitudes toward female managers because they are "reflecting the subordinate status of women in the society" (p. 235). These attitudes can lead to a less supportive environment for female managers because subordinates might consider a female supervisor less qualified than her male counterpart or subordinates might be reluctant to accept a female manager because they believe she is less qualified for leadership or negatively affects morale. Many times these negative attitudes translate to compensation differences. Despite occupying the same organizational roles, males may benefit from seniority, higher salary, availability of mentors and collegial support (Eagly and Johnson, 1990). This highlights a cycle of self-fulfilling prophecies. If a woman does the same work equally well as a male counterpart, but it not compensated in equal ways, then subordinates might naturally assume there is a negative reason for her lack of compensation. This assumption validates negative attitudes about female qualifications for leadership that leads to insubordinate behaviors by or possibly conflict with employees. The conflict creates a perception that she is less effective as a manager and should therefore be compensated less. It is a very difficult cycle from which women are forced to free themselves, but if they succeed it might lead to gender-compensation nirvana. This negative environment might be exacerbated if the female is considered a *token* leader because she is the lone female leader or one of very few female leaders. Evidence also suggests that highly successful women are seen as threats to more junior female employee's self-esteem and junior employees are more likely to denigrate their more successful counterparts in order to inflate their own perception of their competence. Interestingly, men are more likely to disparage highly successful women by claiming they challenge female gender norms (Sheppard and Aquino, 2013). The duality of negative female-on-female perceptions further validates the male negative perception of females and perpetuates biases in the workplace.

In their 2013 *Academy of Management Perspectives* article, Sheppard and Aquino enumerated the findings of their experiment on perceptions of same-sex/opposite-sex conflict in the workplace. In their study, they used a sample of 152 adult participants (47% female with an average age of 28 years), each participant was randomly assigned to read about one of three accounts of coworker conflict involving either two women (Sarah and Anna), two men (Steven and Adam), or one woman (Sarah) and one man (Adam). After controlling for any biases related to previous observations of, or experiences with the tested types of gender conflict, Sheppard and Aquino determined that female-female conflict is perceived as more problematic than male-male and male-female conflict. The researchers believe this outcome indicated that observers believe women are more likely to hold grudges and less likely to forgive and move beyond past transgressions.

It is possible that gender perceptions similar to the one highlighted in Sheppard and Aquino's 2013 study are what drives survey results like Gallup's 2006 survey that found both American men and women are more likely to prefer a male boss. Schieman and McMullen (2008) believed that perceived gender incongruence as a result of gender-role spillover drives female leaders to act more aggressively (2008).

The Impact of Generation Y on Workplace Culture and Leadership Style

Generation Y, or "Millennials", represent a fast-growing segment of the workplace. This generation represents about 80 million individuals in the U.S. born between 1980 and the early 2000's who began entering the workplace at the beginning of the 21st century. Many researchers have studied the differences in this generation of employees -- and there are several of them -- to determine how to best attract, manage, and motivate them. As Hubbard (2013) pointed out, "Millennials require a vastly different workplace environment" (p. 43). Research has found that one of the differences between Millennials and other generations is that they do not respond well to the stereotypical male authoritative leadership style. As pointed out by Hubbard, "they are not happy to simply follow orders and will question requests until they are comfortable in their understanding of the why's and what's behind the request" (p. 43). A nurturing leadership style that focuses on team- and relationship-building activities -- stereotypical female traits -- appears to be more important to the new generation. Hershatter and Epstein (2010) state that this generation has been raised predominantly by doting parents and teachers "whose training included the importance of building self-esteem" (p. 215). As compared to other generations, Millennials have become more accustomed to supportive and nurturing environments.

Recent research on cultural differences among college students supports the notion of a cultural shift (Girlando and Eduljee, 2010). A 2010 study of 246 college students measured Hofstede's (1980) five cultural dimensions, one of which is a dimension called "masculinity/femininity." Masculine cultures include assertive behaviors such as dominance, freedom on the job, competition and advancement, whereas "Feminine" cultures include nurturing traits such as interpersonal relationships, relationships with co-workers, and the social aspects of the job (Girlando and Eduljee, 2010). Hofstede asserted that these cultural dimensions are stable constructs that change very little over time. However, the results of the 2010 study indicated a change in the masculinity/femininity dimension among young people. The researchers concluded that, counter to Hofstede's assertion that these cultural dimensions are stable across time, U.S. students exhibit lower levels of "Masculinity" than Hofstede's original studies would indicate. The researchers pointed out that this cultural dimension may be malleable and "a function of the times" (Girlando and Eduljee, 2010, p. 282). Given that the new generation of employees appears to be leaning more towards female-oriented cultural environments than past generations, organizations will need to adapt their management approaches to be successful in leading employees in the future. What defines an effective manager perpetually changes as our work culture changes and as the model for business success changes.

CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

Grisoni and Beeby (2007) pointed out that, "shared assumptions about effective leadership behavior continue to limit women's access to senior positions of power and authority" (p. 195). Organizational research to-date supports homogenizing gender leadership traits -- men are authoritative and task-oriented, and women are democratic and interpersonal -- and drive development of leadership theory. Unfortunately, the research to support or refute the prevailing views on gender leadership styles is conflicting, poorly gathered, and oftentimes defines gender leadership differently: demographics versus behavioral traits. Billing and Alvesson (2000) astutely point out that studies that result in little or no gender leadership differences "say more about the situations than the persons" (p. 149). It is increasingly apparent that group's perception of the female role may be more influential on the female leader than her physical gender.

An example of the perceptions that can surround a powerful female is evidenced by the treatment of Marissa Mayer, Yahoo! CEO, who, while five months pregnant, took over as the company's lead executive in the summer of 2012. In order to breathe life into the stumbling technology company, she announced internally that employees were no longer authorized to telecommute. Someone leaked the memo to the press and the backlash was immediate. Ms. Mayer was painted as manipulative and embodying a culture of inhibiting women's progress. An email sent to technology Kara Swisher of AllThingsD read, "when a working mother is standing behind this, you know we are a long way from a culture that will honor the thankless sacrifices that women too often make" (Guynn, 2013). An e-mail sent to technology blogger Kara Swisher of AllThingD read, "when a working mother is standing behind this, you know we are a long way from a culture that will honor the thankless sacifices that women too often make" (Guynn, 2013). Forbes staff writer Jenna Goudreau also issued a response that included "Back to the Stone Age" in the title (2013). Ms. Mayer has since claimed to be well aware of what is said about her, but insists that her stance is correct and she doesn't care what others have to say about her decisions if the business is exceeding objectives (Krasny, 2013). Although there are other factors at play in the backlash concerning telecommuting, the negativity towards Ms. Mayer's gender, her treatment by her employees and media, and her subsequent response all support the need to understand the origins of negative perceptions of women in the workplace.

Considerations for future research should include the study of the evolution of the work environment and the ways work environments are impacted by changing gender norms as societal views on all leadership changes. There is a possibility that much of the data collected prior to the 1990's is skewed because females were still relatively new to leader roles in business organizations and may have been accommodating due to their token stature. Therefore, new research should attempt to compare gender leadership differences in industries with substantial histories of female leadership and those with emerging female leadership.

This research substantiates the claim that the landscape of work environments will continue to change as they have for the last half-century. Thus, it is important to recognize the need for continual research into the relationships, stereotypes, fundamental organizational values, and leadership roles within an organization as these topics will perpetually evolve for years to come.

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FORGING COMMUNITY IN THE WORKPLACE: A QUALITATIVE CONTENT ANALYSIS OF SABENA'S IN-HOUSE JOURNAL (1952-2001)

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ABSTRACT

Purpose – The main goal of this research was to prove that in-house journals are interesting from an historical perspective. An additional goal of this study was to examine how the in-house journal fits into a plethora of management techniques to forge community in the workplace.

Design/methodology/approach – Empirical data were generated by means of a qualitative content analysis of Sabena's in-house journal. A total of one hundred editions, covering the last fifty years of the company's existence (1952-2001), were examined.

Findings – In-house journals offer a unique opportunity to study management's efforts to strengthen social bonds within the company. The analysis of the data has shown that the existence of strong social identities within the company led to difficulties when they conflicted with the organization's interests.

Research implications – Theoretical bridges have been built between concepts like 'organizational identification', 'commitment' and 'sense of community' that have previously been studied in isolation.

Practical implications – Internal Marketing and Internal Branding efforts have their limits. Human entities are never perfectly malleable.

Keywords: in-house journal, internal communication, organizational identification, commitment, sense of community, social identities

INTRODUCTION

Few scholars have devoted their time to the study of the internal house journal. As a result, this important medium in the field of what Neha Sharma and T.J. Kamalanabhan (2012) have labeled Internal Corporate Communication (ICC) did not get the attention it deserves. This research shows that the internal house organ is an important historical source to learn about management's efforts to create a 'group feeling' at the organization.

I have chosen to take the internal house journal of Sabena, the former national Belgian airline company, as my focal point. The first reason why this specific case needs to be examined in more detail is because the company produced an internal house journal on a monthly basis for most of its history. This makes it possible to take a longitudinal approach.

A second reason is that the internal house journal can be used to gain insight into the life behind company doors. Reconstructing a company's history is an interesting exercise but becomes really important when the case has broader relevance. The bankruptcy of Sabena, and its partner Swissair a few days earlier, was the start of a new era for the European airline industry. The events triggered a debate about the viability of the European model in which every nation tries to keep a national carrier. The American model, following the free market principle, proved difficult to implement in Europe. One may ask whether Sabena and Swissair were the first in a long line of bankruptcies to come. The recent bankruptcy of the Hungarian carrier Malév seems to confirm this hypothesis.

Notwithstanding the turbulent history of Sabena, group cohesion appears to have been strong. Journalists reporting the events during and after the bankruptcy often stressed the 'Sabena-feeling'. Analyzing the company's in-house journal offers me the chance to verify whether this feeling was also apparent from the inside and if so, how it developed.

A last argument to defend the choice for this specific case is the fact that the internal house journal played a significant role in the airline's internal communication system. More so since online communication tools never got the chance to be deployed to their full extent. Even in 2001, the use of the Internet by employees was limited.

Although having a closer look at the social and cultural aspects of work life at Sabena would be valuable in its own right, this research holds both theoretical and practical significance that transcends the context of the case. Trying to discover how an internal house journal can be used to study the development of group cohesion has forced me to take an interdisciplinary approach touching upon various concepts from different disciplines. A valuable theoretical contribution of this study consists of building bridges between concepts like 'Sense of Community' (S.O.C.), 'Organizational Identification' and 'Commitment'. Too often they have been studied in isolation.

This study is also relevant for the field of management studies. Fostering emotional attachment of employees to the company essentially comes down to what has been labeled as Internal Marketing (IM) and Internal Branding in the management literature (Ferdous, 2008; Harkness, 1999). I argue that it would prove useful if management and academic studies in the future would transgress the boundaries of their narrow fields of specialization and look at what neighboring disciplines have to offer.

A last and important contribution of this research is that it addresses a gap in the internal communication's literature. In the Anglo-Saxon literature there are only two studies that have been devoted to the question of how in-house journals are linked to the reinforcement of emotional ties between the employee and the organization. The first is a study by George Cheney (1983). James DiSanza and Connie Bullis (1999) have based their research on Cheney's work. What they have in common is that they both take a rhetorical approach. This means that these authors believe the in-house journal is important because it is considered to be an element in the strategy of management to create community through the use of internal corporate communication. What is innovative about my research is that it approaches the in-house journal primarily as an historical source to investigate the multiple initiatives taken by management to improve group cohesion.

A qualitative content analysis performed on one hundred editions of the internal house journal during the last fifty years of the companies' existence has yielded interesting information. Throughout the years Sabena's management developed numerous initiatives that were explicitly aimed at developing a strong group identity. Inspiration was found in scientific management studies as well as best practices at other companies. Another finding is that the company has tried to extend its presence and influence in ever more areas of the employees' lives. Internal communication, and the in-house journal more specifically, formed an important part of management's initiatives to strengthen the ties between the employees and the organization. A last important finding is that latent power structures were discovered during the coding phase of the empirical data. This leads me to conclude that management at times allowed or even fostered the identity and power of sub-groups. Given these elements, it is appropriate to say that the internal house journal offers a unique opportunity to study management's efforts to create a group feeling. At the same time however, the medium also acts as a valuable but somewhat distorted mirror of company life.

LITERATURE REVIEW

Conceptual framework

Recently, scholars have found that the main function of an internal house journal is its ability to strengthen the ties between the organization and its employees. They came to this conclusion based on the results of surveys that were distributed among communication professionals. Dave Gelders et al. (2009, p. 16) argue that this socio-emotional function of the in-house journal is always stressed when its function is discussed.

To understand this function it is necessary to look at one of the oldest sociological notions used to describe the emotional attachment to a group, namely the concept of 'community'. However, the use of this concept comes with certain reservations. According to the Abercrombie et al. dictionary of sociology "*the term community is one of the most elusive and vague in sociology* (Abercrombie et al., 1994, p. 47)." Of interest to me are the psychological processes responsible for the transformation of an aggregate of people into a 'community'. Social psychologists have called the end product of these processes 'Sense of Community' (S.O.C.). But, just as in the case of 'community' there is no consensus "*over whether 'Sense of Community' is a cognition, a behavior, an individual affective state, an environmental condition, a spiritual dimension* (Bess, Fisher, Sonn, & Bishop, 2002, p. 6)."

Efforts to get hold of 'Sense of Community' as a concept have led to the discovery of numerous related concepts. What all related concepts have in common is that psychological processes trigger them. During these processes the individual starts to identify with the target group. This process of identification develops parallel to an increased commitment of the individual towards the social formation. Additionally, Amitai Etzioni (1996, p. 127) argues that commitment is a necessary precondition for the development of community.

Researchers have tried to determine the nature of the psychological processes that trigger community formation. Functionalists (Rapley & Pretty, 1999) have sought for answers by applying complex statistical models. Others (Colombo & Senatore, 2005) have followed a discursive approach with more qualitative influences. A third group of scholars has looked at the Social Identity Theory (SIT) originally developed by Henri Tajfel and John Turner (1979).

At about the same time as Tajfel and Turner (1979) developed the SIT, scholars from a neighboring discipline tried to establish a definition for a related concept. Richard Mowday, Richard Steers and Lyman Porter (1979, p. 226) defined 'commitment' as the "*relative strength of an individual's identification with, and involvement in a particular organization*". After Mowday et al. (1979), a number of definitions have been added but truly innovative is the study of Natalie Allen and John Meyer (1997) who claim that commitment is a multidimensional construct consisting of three components: affective commitment ("employees stay because they want to"), continuance commitment ("employees stay because they need to") and normative commitment ("employees stay because they ought to do so").

A common element in studies on commitment is that the concept "*refers to a psychological state that binds the individual to the organization* (Allen & Meyer, 1990, p. 14)." Remarkable about definitions of commitment is that they describe the concept in terms of identification processes. The question here is whether organizational commitment and organizational identification mean the same. Some scholars argue that the concepts mean different things (Ashforth & Mael, 1989; Knippenberg & Schie, 2000; F. A. Mael & Tetrick, 1992; Meyer, Becker, & Vandenberghe, 2004; Pratt, 1998; Van Dick et al., 2004; van Knippenberg & Sleebos, 2006), while others doubt whether it is useful to draw a distinction (Miller, Allen, Casey, & Johnson, 2000; Ouwerkerk, Ellemers, & De Gilder, 1999; Sass & Canary, 1991; Stengel, 1987; Van Vuuren, 2006). The debate has given rise to the study of concepts at meta-level. Both the studies of Michael Riketta (2005) as well as Jolie Fontenot and Craig Scott (1999) have pointed to a substantial overlap in the meaning of both concepts. Fontenot and Scott have found that the correlation between both concepts is high ($r = .70$).

What I conclude from the debate is that organizational identification and organizational commitment are strongly related constructs but that their roots can be traced to different disciplines. In other words, the core is largely similar while some important details differ. Research on organizational identification has mainly been done based on insights from the SIT with a strong emphasis on identification qua self-definition. Commitment research has focused on the affective relationship between the individual and the organization, which implies a view on identification in terms of attraction (Postmes, Tanis, & De Wit, 2001, pp. 229–230).

A number of scholars who argue that a conceptual distinction is valuable have suggested alternatives to the existing theoretical framework. The first alternative comes from George Cheney and Philip Tompkins (1987). What they propose is to view identification as 'substance' and commitment as 'form' when analyzing the relation between the individual and the organization. Cheney and Tompkins (1987) argue that a person can sometimes identify without being committed and vice versa. They have summarized their idea in a quadrant model

Table 1
THE RELATION BETWEEN IDENTIFICATION AND COMMITMENT ACCORDING TO CHENEY AND TOMPKINS (1987, p. 8)

I. Alienated and non-pledged. (low identification and low commitment)	**III. Self-appropriative but non-pledged.** (High identification and low commitment)
II. Alienated but pledged. (low identification but high commitment)	**IV. Self-appropriative and pledged.** (High identification and high commitment)

Ellemers et al. (1999) offer a second alternative. These authors argue that there is sufficient empirical proof to assume that commitment is only one of three components that together form a person's social identity. Ellemers et al. (1999) base their argument on the definition of social identity in the work of Tajfel, Billig & Bundy (1971). The other two components in this definition are 'self-categorization' and 'group self-esteem'.

The role of internal corporate communication

Studies on organizational identification and commitment often take a management perspective and, as a result, are often published in management-focused journals like *Management Communication Quarterly*, *Academy of Management Review*, the *International Journal of Human Resources Management* and *Academy of Management Journal*. This explains why a lot of research has been done to discover the antecedents and consequences of identification and commitment. Since several studies have shown that high levels of commitment and identification correlate with desirable outcomes like increased productivity, managers and scholars alike have been particularly interested in revealing those antecedents that can be controlled (Ashforth & Mael, 1989; Bhattacharya, Rao, & Glynn, 1995; Dutton, Dukerich, & Harquail, 1994; Elsbach & Glynn, 1996; Hall & Schneider, 1972; Knippenberg & Schie, 2000; F. Mael & Ashforth, 1992; Van Dick et al., 2004). Corporate communication has been identified as one of these antecedents (Bartels, 2006).

Both Cees van Riel (1995) and Jos Bartels (2006) argue that organizational communication, whether internal or external, does not affect organizational identification directly.

Instead, both scholars contend that organizational communication only affects Perceived Internal Prestige (PIP) and Perceived External Prestige (PEP). PIP and PEP thus act as mediating factors. These findings put the role of corporate communication in perspective and place the focus on management perception. Natalie Allen and John Meyer (1997), who go as far as to say that perception is more important than reality, confirm this position.

The next step in my argument consists of discovering which elements of the communication process affect PIP and PEP. Based on the classic communication model of Harold Dwight Lasswell five different variables are considered important: the communicator, the message, the medium, the receiver and the effect. I choose to provide a short literature overview of the first three variables since the receivers are the organization's members and the desired effect is an increase in the levels of organizational identification and commitment.

The literature on the influence of communicators shows that vertical communication is more closely linked to identification and commitment levels than horizontal communication. According to Postmes et al. (2001, p. 240): "*commitment or, in other words, people's sense of belonging to the organization does not primarily depend on the quality of their informal and socio-emotional interactions with peers and proximate colleagues, but is related more strongly to their appreciation of the management's communication*." This quote stresses the relevance of doing research on management communication and its connections with identification and commitment.

The second variable in the communication process is the message itself. Bartels, De Jong, Pruyn & Joustra (2007) have shown that PEP mainly contributes to the identification of employees with the organization as a whole while PIP is more directly related to employees' identification with sub-units of the organization. Smidts, Pruyn & Van Riel (2001, p. 1053) formulate the main conclusion by stressing that adequate information is a sine qua non for the cultivation of organization identification and commitment.

The in-house journal

In this study I have chosen to elaborate more widely on the role played by different media in the communication process. Most attention will go to the role of the in-house journal since this medium has been taken as the focal point of this research. With this choice I build on Marshall McLuhan's argument that the medium constitutes an important element in the communication process by partially shaping the content (McLuhan, Fiore, & Agel, 2008).

Postmes et al. (2001) who discovered a connection between employee commitment and the direction of communication flows, argue that a logical link exists between the direction of communication flows and the different media. Formal, bureaucratic media channels seem more suited for vertical communication while informal channels (often called 'the grapevine') are more appropriate for horizontal communication. The in-house journal clearly belongs to the first category.

A number of studies have been done on each medium separately. Interesting for this research however are those studies that have focused on the effects of different media on identification and commitment levels. Candace White, Antoaneta Vanc and Gina Stafford (2010, p. 72) have found that "*at all levels of the organization, having direct access and face time with the chancellor (CEO) contributed to the formation of a 'community spirit'. In addition, hearing things directly from the chancellor in committees or at town hall or meetings contributed to a 'Sense of Community' and made employees feel important* (White et al., 2010, p. 80)."

A shortcoming in the work of White et al. (2010) is that they only consider the effect of a limited number of media (e-mail, website, interpersonal contact) on 'Sense of Community'. In a similar study Andi Stein (2006) takes the same approach but includes more media and builds her arguments on a stronger theoretical basis. Stein (2006) applies the 'Information Richness Theory', sometimes called the 'Media Richness Theory' (Higa & Gu, 2007), starting from the hypothesis that information rich media contribute to the development of a 'Sense of Community'. The degree of information richness is based on four parameters: feedback possibilities, the nature of the communication channel, source of the information and degree of formality in language use.

Stein (2006) found that employees do care about experiencing a community feeling and are convinced that internal communication can contribute to the cultivation of this feeling. With regard to the specific media, face-to-face contact appears to be preferred closely followed by e-mail. Telephone, written publications and the intranet are deemed less important. These findings confirm the Information Richness Theory.

Based on different studies discussing various aspects of the communication process and its connections with organizational identification and commitment, I argue that Sabena's in-house journal played an important role in management's attempts to create a 'Sense of Community' in the workplace. Additionally, the magazine acted as a tool for shaping the company's identity, thereby providing the employees with a base on which to build their social identity.

Important to keep in mind is that perceptions exert a powerful mediating influence. Studies focusing on the link between corporate communication and concepts like organizational identification, commitment and 'Sense of Community' must therefore pay attention to how information is framed in internal publications. This is the first time this is being done explicitly.

METHODOLOGY

Sabena as case study: context and relevance

Sabena, Belgium's former national airline, was founded in 1923 and was therefore one of the oldest airline companies in the world. With around 10.000 employees it was also one of the most important employers in Belgium. Throughout its history, Sabena was a medium-sized player in the commercial aviation scene (Vanthemsche, 2002). What makes Sabena a critical case is that it was the first national airline company in the European Union to go bankrupt. During and after the bankruptcy, journalists often wrote about an apparently strong community feeling that existed among employees. By analyzing one of the company's most visible and important internal communication tools, the in-house journal, I am able to investigate management's attempts to strengthen the social and cultural ties within the organization.

In this study I do not focus on rhetorical or lexical features of the text. In addition I have chosen to focus only on the written texts and not the visual material of the in-house journal. The goal of this research is to approach the in-house journal as an historical source in order to gather as much information as possible on three related aspects of company life: (1) the role played by the in-house journal in the organization, (2) the attempts by management to strengthen group cohesiveness and attachment to the company and (3) the representation of employees and various sub-groups within the company. During the analysis, I have put the emphasis on social and cultural aspects because "*cultural experience generates our identity to the extent that it creates an appearance of similarity among those who more or less share it, who seem to belong to it and feel at home within it. Culture is in this way the experience of belonging* (Pickering, 2001, p. 80)".

Sampling and methods of analysis

One method for systematically analyzing the information embedded in written texts is qualitative content analysis. There are several variants of qualitative content analysis but what they have in common is that they look at data as representations, not of physical events but of images, texts and expressions that were created with the intention to influence reality (Krippendorff, 2004, p. viii).

The historical approach allows me to detect changes in social and cultural aspects of company life as well as emerging trends in management's techniques and efforts to enhance group cohesion. Almost the entire post war history of the company has been spanned. Since Sabena's in-house magazine was a monthly periodical (except for July and August in which only one edition for both months was released) 550 editions appeared in the chosen timeframe. I have decided to take a random sample of two editions every year. As a result one hundred editions have been analyzed for the period 1952-2001. Opting for a random sampling method seems most suited when studying everyday managerial practices in an historical perspective.

With regard to reliability and validity of the research I refer to the work of Bent Flyvbjerg (2001) who argues that case studies are not meant to look for the 'simile in multis' but are best used to generate context-specific knowledge and add to theory building. Additionally Yvonna Lincoln and Egon Guba (1985) argue that qualitative research should be judged by its trustworthiness ensuring sufficient levels of credibility, transferability, dependability and confirmability. "*Originality and discovery then, might be seen as indicators of the quality of qualitative research, with external validity of lesser importance* (Seale, 2004, p. 76)."

ANALYSIS AND RESULTS

The role of Sabena's in-house journal

In order to understand the role of the in-house journal within the organization, it is important to know which internal corporate communication channels existed and for which purposes they were used. Management was aware of the fact that information spread quickly through informal channels, something they called the 'black markets of information' (Onze Sabena, October 1976, p. 1). The grapevine, as it is officially called in scientific literature, was thought to be a source of false rumors and miscommunication (Burke, 1996). Management considered it therefore of paramount importance to be as effective as possible when it came down to communicating with internal stakeholders.

Even in the early days internal communication enjoyed a fair amount of management's attention. Media were believed to have strong effects on people. Although experienced as 'disturbing' for some, managers were quick to see the beneficial effects communication could bring (Onze Sabena, April 1962, p. 20). There were three specialized services that handled Sabena's internal and external communication: the editorial committee of the in-house journal (= internal communication), the press service (= external communication) and the publicity service (= marketing). In the 1950s a Public Relations Officer (P.R.O.) was hired in order to guard Sabena's good image both towards internal as well as external stakeholders (Onze Sabena, August-September 1972, p. 4).

As soon as someone was hired he or she immediately came in contact with the organization's efforts to include the new member in the existing 'community'. Socialization was considered a first and very important step in developing a bond between employer and employee. New hires received a series of documents to inform them about their tasks, the organization and their role within the company. From the 1970s onwards there were increased efforts to supply the employee with adequate information throughout his or her career. The reason for this is that management realized that true identification could only take place when an employee's moral and social needs were met apart from the more basic physical and material needs (Onze Sabena, June 1972, p. 5).

Because of the sheer size of the organization and the geographic dispersion of its activities, it was difficult to pass on messages that would reach every employee. Regular self-evaluation reports, including communication audits, revealed that internal communication worked fine for the departments separately but proved difficult to maintain at the organizational level. Over the years there were several attempts to improve the situation (Onze Sabena, October 1991, p. 8).

The in-house journal played an important role in the internal communication structure of the organization in its totality. The journal, which carried the name 'Our Sabena', fell under the responsibility of the 'Press and Propaganda Service' (Onze Sabena, August 1952, p.8). Unlike the name of its overarching department suggests, the authors of the house organ's content enjoyed relative freedom when writing. The work council, together with senior management, approved the statutes of the journal and decided on who would be allowed a seat in the editorial committee (Onze Sabena, September 1979, p. 1).

Copies were sent by mail to every working and retired employee. In the last two decades of the company's existence the journal was distributed on the work floor in order to cut costs. The magazine was promoted as something created by and for staff members (Onze Sabena, Januari 1958, p. 4). Its mission was to provide a fair account of life at the organization. Management expected the in-house journal to act as an important internal communication channel in order to offer answers to questions of employees, discuss issues of general interest, strengthen existing bonds between employer and employee and contribute to the culture of the organization (Onze Sabena, August 1986, p. 1).

In the 1950s the main function of the magazine was the provision of information. Gradually, its informative function was taken over by other information channels. More room was freed up for human centered information that was expected to stimulate the employees' engagement and motivation. Management's opinion about the function of the in-house journal was clearly expressed by Director-General De Swarte who stressed its educational role. De Swarte perceived the in-house journal as a medium used to clarify in more detail what had already been communicated via other channels (Onze Sabena, October 1961, p. 2).

Whether all members of management supported the in-house organ can be questioned. In an edition that appeared in the 1980s, I have found information that there were rumors among employees about certain bosses who thwarted distribution of the journal since they considered it to be the cause of declining concentration levels (Onze Sabena, November 1982, pp. 6-7).

In the 1990s there was increased attention for how employees perceived the in-house journal. Regular satisfaction surveys were held. Jean-Luc Barreau, head of the journal's editorial board stated the following: "*if you want to master communication, you need to understand how it works, you need to be prescient and you need to control its evolution* (Onze Sabena, June 1997, p. 4)."

The results of a satisfaction survey carried out in March 1997 revealed that the in-house journal was perceived to bring trivial news since a number of other communication tools (like shorter documents that appeared more frequently) took over its informational function. The employees that filled out the survey indicated that the journal's most important task was to cultivate a 'Sense of Community'. Additional goals were considered to be the provision of both practical information and information about the company (Onze Sabena, June 1997, p. 4).

One of the problems with these kinds of surveys is that there was no systematic way to collect answers. As a result, response rates were usually low to very low (4% for the survey in March 1997). A similar survey conducted two years later yielded more representative results since a quota sample was drawn and trainees collected answers systematically. The results showed that employees were on average satisfied with the content being offered (Onze Sabena, September

1999, p. 3). Consistent in both surveys was that employees indicated that they read the magazine regularly.

Management's efforts to create community

As early as the 1950s Sabena's management realized that it would take more than effective communication to overcome problems that led to social conflict. The company's president, Gilbert Périer, wrote that continuous efforts were needed to limit the alienating effects experienced by employees working for a big and rapidly expanding organization. In the wake of May 1968, an increasing amount of employees insisted on more participation in the company's affairs. Senior management however perceived this opportunity more as a threat that could jeopardize their position. In the September edition of 1968 Director General Willem De Swarte wrote that: "*it is certainly easier to quarrel than to participate, because participation means informing oneself of the existing possibilities, staying loyal to colleagues and company, taking responsibility and devoting time to all these elements* (Onze Sabena, September 1968, p. 2)."

There have been multiple accounts where I found similar statements written by other members of management. By saying that work satisfaction, commitment and identification belonged to the employee's personal sphere, management silently transferred responsibility for these elements to the individuals. However, the fact that the individual was held responsible for identifying with the organization does not mean that management did not try to facilitate the identification process (Cheney, 1983, p. 147). Throughout the company's history there are accounts of new HR techniques being tested in order to "*create a new spirit among staff members* (Onze Sabena, July-August 1979, p. 2)." I will discuss all initiatives mentioned in the in-house journal.

In order to accelerate the integration process, new hires were assigned to a mentor, usually an employee who had already worked for the company a number of years. The system became untenable by mass hiring in the 1960s. Training programs were introduced as alternatives (Onze Sabena, April 1962, p. 7). A related initiative was the setting up of employee exchange programs. The idea was that temporary work in another department would lead to a better understanding of the overall functioning of the company. Senior management was convinced that the exchange programs would at the same time increase respect among employees for each other's work (Onze Sabena, November 1957, pp. 8-9).

Socialization was one way of trying to increase commitment. Another way of involving employees was recognizing their individual and collective contributions. The in-house journal was used to praise individuals when they excelled or performed exceptionally well. At least as important was the idea of loyalty. Once hired, it was expected that employees would stay for the rest of their career. Celebrations for exceptional work anniversaries over-time evolved into fully ritualized events. The most senior staff members were awarded symbolic gifts next to more material benefits like financial bonuses. One of the most symbolic gifts was the golden Sabena ring, granted after 25 years of service. The ring resembled a bond between the company and the employee that could best be compared to the sacred bond of marriage (Onze Sabena, September 1956, p. 16).

In the last decade of the organization's history, senior management decided to create 'the Sabena fellow', an exclusive club to which only the most industrious employees could accede. Joining happened only by means of invitation and was considered a great honor (Onze Sabena, January 1992, p. 7). Whether the creation of these kinds of exclusive clubs contributed to increased levels of identification and commitment of all employees remains unsure.

It would go beyond the scope of this article to discuss the initiatives taken by the employees themselves. What can be said is that throughout Sabena's history numerous clubs were created that openly or tacitly enjoyed management support. Employees gathered in sports clubs, art clubs and clubs devoted to all kinds of hobbies. Some employees spent an increasing part of their time at the company. This must surely have influenced their bond with the organization.

Despite all initiatives, Sabena's internal cohesion at times wavered. Several articles have been found in which complaints were voiced about the lack of solidarity and respect among employees. The situation became exceptionally dire in the 1990s when the company's financial situation deteriorated and large-scale restructuration plans came into effect. The 'Welcome Now' campaign was one of the initiatives set up to counter the deteriorating social environment. The 'Welcome Now' campaign consisted of a series of techniques that nowadays would be labeled as Internal Marketing (IM) or Internal Branding. The idea was that colleagues deserved to be treated with the same respect and enthusiasm as customers. There are reports that the campaign did not get the needed support from all managers, which led to the 'Leadership Now' campaign specifically aimed at convincing managers of the benefits an Internal Marketing approach had to offer (Onze Sabena, February 1999, p. 3).

Now that different trends and initiatives have been discussed it is necessary to ask where the ideas and innovations came from. Remarkably, science had always been a major source of inspiration for management. It appears that they were highly interested in how commitment and identification could lead to higher productivity. In one article Director General Willem De Swarte wrote that the phenomenon of organizational identification was *"(...) a complex topic in social psychology, systematically studied by specialists in the U.S.* (Onze Sabena, Juin 1954, p. 5)."

The previous quote clearly proves that Sabena's management looked beyond national borders in search for best practices. Throughout the three first decades of the period under analysis, the U.S. was often mentioned as the example to follow. In the eighties, attention increasingly shifted to Japan, which was perceived as an economic miracle at the time. According to one article, the Japanese system put the employee first. The Japanese worker was also thought to be more involved in decision-making which in turn resulted in less social conflict (Onze Sabena, Juin 1982, p. 8).

It is clear from these accounts that management was aware of scientific findings and successful models applied abroad. At Sabena, there was interest to learn in order to improve existing procedures. At the same time, there was a strong commitment to look inside the company before asking specialists for help. From this I conclude that Sabena's management valued innovative measures without sacrificing independence.

Multiple identities, latent power structures

The last element in the empirical part of this study is devoted to the analysis of how different social groups were portrayed in the in-house journal. An historical approach holds the benefit that latent power structures can more easily be identified. The most important reason for examining how different sub-groups are represented is that existing and emerging stereotypes have contributed to the development of conflicts within the company. These conflicts have acted as a brake in the identification process of certain groups of employees. I will discuss my findings for each group separately.

The most obvious distinction between employees in the early days of the company's post-war history was skin color. Before the independence of Belgium's colony Congo in the 1960s, Sabena employed a lot of black workers in order to sustain and further deploy its activities on the African continent. In the editions of the fifties I have regularly encountered articles that displayed a colonial undertone. There was even a regular column devoted to anecdotes that happened to white employees when working in the Congo (Onze Sabena, January 1952, p. 4). The number of black employees declined after the Congo became independent in 1961. Colonization turned into cooperation with the creation of Air Congo, a joint project between Belgium's national airline and the newly formed Congolese government. Slowly but surely, messages and stories carrying obvious racial overtones disappeared from the in-house journal. A new focus on an ethnic diversity policy in the 1990s tried to reverse negative stereotypes. The authors of the journal increasingly tried to portray Sabena as a modern employer offering a multicultural work environment.

Another important power disequilibrium was related to gender. The position of women was subordinate to the position of men well into the last decade of the company's existence. The author of an article in 1956 reporting on Sabena's sport matches against teams of other companies mentioned that again "*nothing had to be expected from the weak sex* (Onze Sabena, October 1956, p. 12)." As time evolved gender discrimination became subtler. This is apparent from the fact that articles focusing on female employees tended to stress their 'sweet', 'soft' and 'caring' nature. Elegance and charm were emphasized, not intelligence and competence (Onze Sabena, July 1965, p. 7). The first articles about women in traditionally male professions appeared in the seventies. However, the real breakthrough came in the following two decades when women acquired key positions in the company. An independent women's activist group in 1996 found that women were overrepresented in positions where there was immediate contact with the customer. More problematic was the fact that women did often not advance as rapidly as their male counterparts. According to the activists, women had become equal to men on legal terms but prevailing attitudes and behavior prevented true emancipation (Onze Sabena, December 1996, p. 3).

A third difference was that between cabin crew and ground staff. In earlier times, flying was something that had enjoyed a certain aura. It had been romanticized by mass media resulting in the development of strong sub-identities by those employees that were most visibly related to the airline industry: the pilot and the female flight attendant. It is important to stress that gender differences were even more outspoken in this particular section of the company's workforce. The profession of flight attendant was seen as the most feminine of all feminine professions (Onze Sabena, May 1970, pp. 10-16). Pilots on the other hand were overwhelmingly male.

From the start of the company's activities, pilots enjoyed levels of prestige and power that went practically unrivalled. Senior management accepted silently that a strong sub-culture existed next to the organization's identity. When both identities clashed, which happened several times in Sabena's history, the pilots often chose to defend their professional identity. On several occasions, their militant behavior put an extra strain on the company's already difficult situation. During the last days of Sabena, the Belgian Cockpit Association – mostly consisting of Sabena pilots – repeatedly called for strikes in order to hold on to existing benefits (Decraene, Denruyter, & Sciot, 2002, p. 135). In this case, prevalence of a professional over an organizational identity eventually contributed to an array of circumstances that led to bankruptcy.

At Sabena, hierarchy, control and authority were highly valued. These elements were often related to the number of years someone worked for the company. A long career was a sign of loyalty and demanded respect. Seniority was something to be proud of and was rewarded at regular intervals. In the 1950s, new hires were assigned to more senior staff members. The idea behind it was to educate and socialize the new ones into the culture of the organization. In some departments employees used to talk about 'the drill' new hires faced (Onze Sabena, October 1953, pp. 3-4).

Already in the 1950s, Sabena had evolved into a full-grown bureaucracy. An important characteristic of a bureaucracy is its hierarchical structure. The higher layers of management had the privilege to have direct access to the in-house journal. Members of senior management regularly used the journal to affirm their position within the organizational system. In 1972, Willem De Swarte, who was CEO at that time, wrote: "*In this magazine the following has already been said and repeated: eventually an enterprise is worth what its people are worth, and first and foremost those people responsible for giving orders, in short those who are called 'management'* (Onze Sabena, September 1956, p. 4)." This sentence is one example of many where the image that is conveyed of management reveals a paternalist system. This has stayed this way until the end in 2001.

DISCUSSION AND CONCLUSION

To conclude this research I reflect on how the obtained results fit existing knowledge. I also revisit the reasons why I did this research in order to stress its relevance. This study, like any other, also has its limitations. However, limitations can and must be seen as invitations for future research.

Researchers interested in knowing how, when and why management techniques aimed at creating a 'Sense of Community' were introduced in corporations will need to look at in-house journals. There are two principal reasons that back this claim. The first reason is because in-house journals offer a management view on corporate life. A second reason is related to results of existing studies that have shown that in-house journals are mainly used to strengthen social bonds within the organization. The empirical data in this study have confirmed that this was no different at Sabena. What I concluded from this is that in-house journals are important historical sources in the fields of organization, communication and management studies.

With this research I have taken up the theoretical challenge of building bridges between concepts like 'identification', 'commitment' and 'Sense of Community'. In the past scholars have often studied them in isolation. Confusion about their actual meaning has slowed down their adoption in case-study research. I argue that in this case the benefits of interdisciplinary research outstripped the downsides related to minor conceptual differences.

Throughout this research I have become intrigued by the case itself. Sabena's bankruptcy has led to questions about the viability of a model whereby every country has a national flag carrier. Some specialists argue that the European market is only able to sustain a handful of large carriers possibly combined with a few low-cost companies. Small to medium-sized airlines will disappear or will have to join alliances. Fierce competition and free market principles have forced companies to cut costs resulting in pay-cuts and lay-offs. The sad irony is that the airline sector increasingly relies on the workers to make the difference (Bamber, Hoffer Gittell, Kochan, & Von Nordenflycht, 2009). At Sabena, dealing with difficult financial conditions was the rule rather than the exception. Employees were frequently asked to make sacrifices. Journalists noticed that they often did and that they stayed loyal to the company and the Sabena community. By addressing the social and cultural history of Sabena I have also contributed to writing the history of one of Belgium's most visible national symbols.

Seen from a different angle, this case study has put management thinking in perspective. The first important point is that there will always be employees that do not and will not identify with the company they work for, no matter how much effort is put into it. Secondly, identification or a strong 'Sense of Community' does not automatically lead to increased performance. Sabena makes a good example since identification was probably high but productivity was low (Vanthemsche, 2002). Finally, I tested the hypothesis that strong sub-cultures can in critical situations become threats to the survival of the organization. The case of the Belgian pilots shows that professional identity at times did prevail over the organization's identity.

This study is valuable but also has its limitations. The first limitation is that I only focused on the in-house journal while other sources could have provided interesting information. However, here I must add that the archives of Sabena have not yet been made available due to an ongoing lawsuit between the Belgian government and the SAirGroup (formerly Swissair). In contrast, all editions of the in-house journal were available at the national library. With regard to method one could raise that qualitative content analysis runs the risk of offering a subjective view on reality.

However, this type of methodological debate falls out of the scope of this article. I argue that the historical background and the nature of the research questions demanded such an approach. Additionally, similar methods have not yet been applied in studies on organizational commitment and identification. The results are important in contributing to in-depth knowledge about the case. They have also helped to put research on commitment and identification in perspective. They can however not be directly generalized but than again, this is not the purpose of a case study (Flyvbjerg, 2001).

Some elements addressed in this study demand for further research. One might wonder whether identification and commitment levels are tied to the economic sector in which the company operates. Related is the question of whether the airline industry is different from other industries in terms of commitment and identification of its employees. Thirdly, in-house journals have not yet received the scientific attention they deserve. They could for example be used to study organizational culture.

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BOUNTY HUNTING OR BRICOLAGE? ALTERNATIVES FOR EMPLOYERS DURING A RECESSION

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ABSTRACT

Because of continued reduced employment in the U.S. economy, remaining employees tend to be overloaded, underpaid, and depressed. The reduction in well-being affects concentration and absenteeism, among other outcomes. In order to manage costs and productivity further, employers are considering a range of alternatives from additional surveillance (bounty hunting) to improvisation based on the intellectual capital at hand (bricolage). The purpose of this paper is to discuss recession-based trends in employee overload, outcomes, and managerial tactics.

INTRODUCTION

In the aftermath of significant financial losses due to the economic recession that began in 2008, many organizations have cut costs by reductions in work force, freezes in hiring and compensation, and reductions in employees' time base. In consequence, those who retain a job may be underemployed but overwhelmed by increased workload due to performing the duties of multiple job descriptions (Love, Tate, & Chapman, 2010), more pressure, tighter deadlines, and frequent interruptions. Overworked and stressed, many employees experience fatigue, more errors, and negative emotions toward employers and coworkers (Avery, et al., 2010). They perceive little control over their work lives and, even worse, little hope that quality of work life will improve in the near future (Alsop, 2010).

Despite continued high un- and under-employment, the number of U.S. workers voluntarily leaving their jobs is at the highest level in nearly three years. The two primary reasons behind the eagerness to change employers are working conditions (work overload with perceived under-appreciation) combined with stagnant compensation (Twedt, 2011). The combination of overload with feeling underpaid creates a particularly acute sense of inequity. Longer hours, outsourcing, the threat of layoffs and a shrinking economy have also contributed to increased stress and depression in the workplace (Paton, 2008). In turn, reduced employee well-being affects concentration, creativity, productivity and absenteeism. This paper will discuss the impact of reduced employee well-being in more detail as well as tactics intended to improve workplaces during a recession.

REDUCED WEIL-BEING

Stress at work occurs when demands exceed resources for responding. A reduced work force fosters work environments in which demands exceed the available capacity, resulting in heavy workload, unrealistic job expectations, and long hours (Ferri-Reed, 2011). Chronic stress produces symptoms of depressed mood, agitation, reduced concentration, increased difficulty with making decisions and may lead to burnout (Schaufeli, Leiter, & Maslach, 2009). Coping behaviors may include increased use of alcohol and stimulants. From cognitive and emotional symptoms, physical symptoms develop including headaches, gastrointestinal disorders, and sleep loss. As fatigue and psychosomatic illness increase, employees are predictably less productive and more likely to be absent from work (Overman, 2010).

According to a recent survey, 90 per cent of American workers report feeling stressed at least once per week, and 40 percent describe their jobs as very stressful most of the time. In fact, half of all American workers report that stress has adversely affected their health. The effects of insurmountable stress yield injury for individuals and expense for organizations (Prater & Smith, 2011).

Related to stress is depression, now reported by nearly 10 percent of U.S. adults (Hawkins, 2011). Symptoms of depression include a persistently sad, anxious or empty mood; feelings of hopelessness or pessimism; eating disturbances; decreased energy; fatigue; irritability, and thoughts of death or suicide. A recent survey found depression was significantly higher among Americans ages 15 to 44, with adults 40-59 experiencing the most depression. The cost of this phenomenon in the U.S. runs $83 billion for one year, with nearly two-thirds of the cost accounted for by lower productivity and increased absenteeism (Prater & Smith, 2011).

ORGANIZATIONAL OUTCOMES

As results of stress and depression, employees tend to be unavailable for work, both physically (absenteeism) and cognitively (presenteeism). As expensive as absenteeism is, the annual costs of presenteeism at $180 billion surpass diem (Prater & Smith, 2011).

Presenteeism refers to employees being present for work with reduced well-being, often resulting in reduced productivity (Paton, 2008) and increased likelihood of conflicts and reduced cooperation with co-workers and managers. An example of a recession-based cluster of issues for employees includes financial debts, risk of losing the home, related relationship difficulties with family members, and increased alcohol use. Preoccupation with such worries or fear of appearing redundant at work may lead to an employee being present but unable to function normally (Hart, et al., 2011).

Absenteeism may range from short-term absence (Sawicki, 2011) due to brief illness or need for a "mental health day" to an extended period of time away from work due to chronic illness or a catastrophic medical event The impact is predictably reduced capacity (Hart, et al., 2011), lost revenue (Seward, 2010) and higher indirect costs from lower productivity and impact on co-workers (Prater & Smith, 2011).

MANAGERIAL TACTICS

Whether in the aftermath of a recession or not, organizations employ a continuum of tactics for improving organizational functioning in response to challenges with employee well-being. While some organizations and managers focus on measurement accountability and control, others emphasize mechanisms for increasing engagement that foster concentration and creativity.

One example of a recent addition to surveillance tactics available for controlling the costs of absenteeism is *bounty hunting.* This tactic consists of hiring a firm to investigate employees who have called in sick when there is suspicion that the employees are being dishonest about their use of paid time off. In other words, "bounty hunters" are dispatched to spy in bowling alleys, professional sports games, weddings, and even funerals. For example, four firefighters were suspended in 2009 after a private investigator caught them attending hockey games (Spitznagel, 2010). Using private investigators to attempt greater control of paid time off has developed because of increasing abuse. One recent study found that 57 percent of U.S. salaried employees take sick days when they are not really sick, a nearly 20 percent increase from statistics gathered between 2006 and 2008 (Spitznagel, 2010).

If the questionable use of paid time off is grounded in reduced well-being from the overload and compensation stagnation common in the current recession, however, employers need to reflect on the direct and indirect costs of relying exclusively on increased control. The likely impact of bounty hunting is to reduce employee morale and trust even further, engendering a vicious cycle with employees who otherwise might have held the potential to help the organization innovate its way to better revenues and market share as the economy improves. Indeed, recent research shows that among the least satisfied and engaged employees, the annual cost per employee for lost productivity due to sick days is more than $28,000, versus only $840 among the happiest and most engaged employees (Singer, 2011).

A more moderate approach to control includes a tracking system for absence with trigger points to alert managers to a potential problem (Sawicki, 2011), while a preventative approach includes alternatives such as an EAP and direct attention on resiliency and wellness (Hart, el al., 2011; Seidl, 2009; Singer, 2011; Tynan, 2011). The tactic with higher likelihood to foster employee engagement, energy and capacity, however, borrows from the arts and entrepreneurial ventures: *bricolage.* Artists and entrepreneurs often operate in resource-poor environments and yet must innovate and create results. Bricolage is the practice of using or recombining what's at hand for new purposes beyond institutional definitions and limits (Baker & Nelson, 2005).

In the case of human capital, bricolage refers to encouraging creative ways to streamline processes as well as experimenting with new ways to serve customers or improve organizational offerings. Allowing employees to make the most of the knowledge and skills available after reductions in work force is likely to improve engagement and energy, reduce absenteeism and presenteeism, and increase positive results. Bricolage has been associated with enhanced service innovation and competitive advantage (Salunke, Weerawardena, & McColl-Kennedy, 2012). Common methods to enhance creativity, ownership, and process reengineering include Nominal Group Technique, process analysis, and appreciative inquiry (Mishra & Bhatnagar, 2012). The essence of bricolage with human capital, though, is for employees to creatively recombine work based on the mix of talent and skills at hand; this is what evokes engagement Low-cost incentives for innovations could further reduce perceived inequity due to stagnant compensation.

CONCLUSION

To emerge intact and even stronger when the global economy recovers more fully, organizations must do more than simply track, control, and punish common responses to work overload and stagnant compensation. Using low-cost means to foster employee resiliency is likely to improve the need to use paid time for stess-related absence or presenteeism. Beyond resilience is engagement as a means for both individuals and organizations to benefit from challenging circumstances. Bricolage, the practice and art of combining the resources at hand in new ways, offers a bridge to eliciting the engaged best from employees and yielding enhanced business results for employers.

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