

# Instructor's Manual to Accompany

# **M:Organizational Behavior 2/e**

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## Chapter 2:

## Individual Behavior, Personality, and Values

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# 2

## Individual Behavior, Personality, and Values

### LEARNING OBJECTIVES

*After reading this chapter, students should be able to:*

1. Describe the four factors that directly influence individual behavior and performance.
2. Summarize the five types of individual behavior in organizations.
3. Describe personality and discuss how the “Big Five” personality dimensions and four MBTI types relate to individual behavior in organizations.
4. Summarize Schwartz’s model of individual values and discuss the conditions under which values influence behavior.
5. Describe three ethical principles and discuss four factors that influence ethical behavior.
6. Review five values commonly studied across cultures.



### CHAPTER GLOSSARY

ability -- the natural aptitudes and learned capabilities required to successfully complete a task

achievement-nurturing orientation – a cross-cultural value describing the degree to which people in a culture emphasize competitive versus co-operative relations with other people.

collectivism -- a cross-cultural value describing the degree to which people in a culture emphasize duty to groups to which people belong, and to group harmony

competencies -- skills, knowledge, aptitudes, and other personal characteristics that lead to superior performance

conscientiousness – a personality dimension describing people who are careful, dependable, and self-disciplined.

counterproductive work behaviors (CWBs) -- voluntary behaviors that have the potential to directly or indirectly harm the organization

ethical sensitivity -- a personal characteristic that enables people to recognize the presence of an ethical issue and determine the relative importance

extraversion – a personality dimension describing people who are outgoing, talkative, sociable, and assertive.

five-factor model (FFM) -- The five abstract dimensions representing most personality traits: conscientiousness, emotional stability, openness to experience, agreeableness and extroversion.

individualism – a cross-cultural value describing the degree to which people in a culture emphasize independence and personal uniqueness

moral intensity -- the degree to which an issue demands the application of ethical principles.

motivation -- the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior

Myers-Briggs Type Indicator (MBTI) -- An instrument designed to measure the elements of Jungian personality theory, particularly preferences regarding perceiving and judging information

neuroticism – a personality dimension describing people with high levels of anxiety, hostility, depression, and self-consciousness

organizational citizenship behaviors (OCBs) -- various forms of cooperation and helpfulness to others that support the organization's social and psychological context

personality -- the relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics

power distance – a cross-cultural value describing the degree to which people in a culture accept unequal distribution of power in a society

presenteeism -- attending scheduled work when one's capacity to perform is significantly diminished by illness or other factors

role perceptions – the extent to which people understand the job duties (roles) assigned to or are expected of them.

uncertainty avoidance – a cross-cultural value describing the degree to which people in a culture tolerate ambiguity (low uncertainty avoidance) or feel threatened by ambiguity and uncertainty (high uncertainty avoidance)

## CHAPTER SUMMARY BY LEARNING OBJECTIVE

### **LO1: Describe the four factors that directly influence individual behavior and performance.**

Four variables – motivation, ability, role perceptions, and situational factors – which are represented by the acronym MARS, directly influence individual behavior and performance. Motivation represents the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior; ability includes both the natural aptitudes and the learned capabilities required to successfully complete a task; role perceptions are the extent to which people understand the job duties (roles) assigned to them or expected of them; situational factors include conditions beyond the employee's immediate control that constrain or facilitate behavior and performance.

### **LO2: Summarize the five types of individual behavior in organizations.**

There are five main types of workplace behavior. Task performance refers to goal-directed behaviors under the individual's control that support organizational objectives. Organizational citizenship behaviors consist of various forms of cooperation and helpfulness to others that support the organization's social and psychological context. Counter-productive work behaviors are voluntary behaviors that have the potential to directly or indirectly harm the organization. Joining and staying with the organization refers to agreeing to become an organizational member and remaining with the organization. Maintaining work attendance includes minimizing absenteeism when capable of working and avoiding scheduled work when not fit (i.e., low presenteeism).

### **LO3: Describe personality and discuss how the "Big Five" personality dimensions and four MBTI types relate to individual behavior in organizations.**

Personality is the relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics. Personality traits are broad concepts about people that allow us to label and understand individual differences. Personality is developed through hereditary origins (nature) as well as socialization (nurture). The "Big Five" personality dimensions include conscientiousness, agreeableness, neuroticism, openness to experience, and extroversion. Conscientiousness and emotional stability (low neuroticism) predict individual performance in most job groups. Extroversion is associated with performance in sales and management jobs, whereas agreeableness is associated with performance in jobs requiring cooperation and openness to experience is associated with performance in creative jobs. Based on Jungian personality theory, the Myers-Briggs Type Indicator (MBTI) identifies competing orientations for getting energy (extroversion vs. intro- version), perceiving information (sensing vs. intuiting), processing information and making decisions (thinking vs. feeling), and orienting to the external world (judging vs. perceiving). The MBTI

improves self-awareness for career development and mutual understanding but is more popular than valid. Overall, it is useful to understand an individual's personality, but testing for personality in organizations raises a few concerns.

**LO4: Summarize Schwartz's model of individual values and discuss the conditions under which values influence behavior.**

Values are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations. Compared to personality traits, values are evaluative (rather than descriptive), more likely to conflict with each other, and are formed more from socialization than heredity. Schwartz's model organizes 57 values into a circumplex of 10 dimensions along two bipolar dimensions: openness to change to conservation and self-enhancement to self-transcendence. Values influence behavior under three conditions: (1) we can think of specific reasons for doing so, (2) when the situation supports those values, and (3) when we actively think about them. Values congruence refers to how similar a person's values hierarchy is to the values hierarchy of another source (organization, person, etc.).

**LO5: Describe three ethical principles and discuss four factors that influence ethical behavior.**

Ethics refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. Three ethical principles are utilitarianism, individual rights, and distributive justice. Ethical behavior is influenced by the degree to which an issue demands the application of ethical principles (moral intensity), the individual's ability to recognize the presence and relative importance of an ethical issue (ethical sensitivity), situational forces, and the extent to which people actively evaluate their decisions and actions against ethical and personal values (i.e., mindfulness). Ethical conduct at work is supported by codes of ethical conduct, ethics training, mechanisms for communicating ethical violations, the organization's culture, and the leader's behavior.

**LO6: Review five values commonly studied across cultures.**

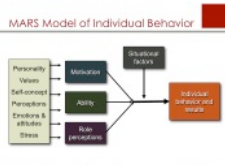
Five values that are often studied across cultures are individualism (valuing independence and personal uniqueness); collectivism (valuing duty to in-groups and to group harmony); power distance (valuing unequal distribution of power); uncertainty avoidance (tolerating or feeling threatened by ambiguity and uncertainty); and achievement-nurturing orientation (valuing competition vs. cooperation). Although cross-cultural knowledge is valuable, we need to be concerned that some of this knowledge is based on non-representative samples, old information, and lack of sensitivity to cultural differences within countries.

# LECTURE OUTLINE (WITH POWERPOINT® SLIDES)



## Individual Behavior, Personality, and Values

Individual Behavior,  
Personality, and Values  
Slide 1

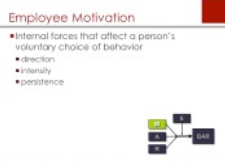


MARS Model of  
Individual Behavior  
Slide 2

## MARS Model of Individual Behavior

An individual's voluntary behavior and performance is influenced by motivation, ability, role perceptions, and situational factors represented by the acronym MARS

- Need to understand all four factors to diagnose and influence individual behavior and performance



Employee Motivation  
Slide 3

## Employee Motivation

Internal forces (cognitive and emotional conditions) that affect a person's voluntary choice of behavior

- Direction – motivation is goal-directed, not random
- Intensity – amount of effort allocated to the goal
- Persistence – continuing the effort for a certain amount of time



Employee Ability  
Slide 4

## Employee Ability

Natural aptitudes and learned capabilities required to successfully complete a task

- Aptitudes – natural talents that help people learn specific tasks more quickly and perform them better
- Learned capabilities – skills and knowledge
- Competencies – skills, knowledge, aptitudes, and other personal characteristics that lead to superior performance
- Person-job matching – produces higher performance and tends to increase the employee's well-being
  - Select applicants who demonstrate the required competencies
  - Provide training to enhance individual performance and results
  - Redesign the job so employees perform only tasks they are currently able to perform

### Role Perceptions

- Beliefs about what behavior is required to achieve the desired results:
- understanding what tasks to perform
- understanding priority of tasks
- understanding preferred behaviors to accomplish tasks



Role Perceptions  
Slide 5

## Role Perceptions

The extent to which people understand the job duties (roles) assigned to or expected of them. Clear role perceptions:

- Understand the specific tasks assigned to them
- Understand the priority of their various tasks and performance expectations
- Understand the preferred behaviors for accomplishing tasks

### Situational Factors

- Environmental conditions beyond the individual's short-term control that constrain or facilitate behavior
- Constraints – time, budget, facilities, etc
- Cues – e.g. signs of nearby hazards



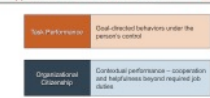
Situational Factors  
Slide 6

## Situational Factors

Environmental conditions beyond the individual's immediate control that constrain or facilitate behavior and performance

- Constraints – e.g. time, budget, work facilities, consumer preferences, economic conditions
- Cues – clarity and consistency of cues provided by the environment to employees regarding their role obligations e.g. lack of signs of nearby safety hazards

### Types of Individual Behavior



Types of Individual  
Behavior  
Slide 7

## Types of Individual Behavior

### 5 Categories of Individual Behavior

- Task performance – goal-directed behaviors under the individual's control that support organizational objectives
- Organizational citizenship – various forms of cooperation and helpfulness to others that support the organization's social and psychological context i.e. go the "extra mile"

#### Types of Individual Behavior

Counterproductive Work Behaviors	Voluntary behaviors that potentially harm the organization
Engaging with the Organization	Agreeing to employment relationship; remaining in that relationship
Maintaining Work Attendance	Attending work at required times

#### Types of Individual Behavior (cont'd)

Slide 8

## Types of Individual Behavior (cont'd)

### 5 Categories of Individual Behavior (cont'd)

- Counterproductive work behaviors – voluntary behaviors that have the potential to directly or indirectly harm the organization (i.e. the “dark side”) e.g. harassing co-workers, creating unnecessary conflict, avoiding work obligations etc.
- Joining & staying with the organization – agreeing to employment relationship and staying with the organization e.g. career opportunities, extensive training, fun culture and high involvement help reduce turnover and retain talent
- Maintaining work attendance – attending work at required times

Presenteeism – attending scheduled work when one’s capacity to perform is significantly diminished by illness or other factors--may be more serious than being absent when capable of working e.g. increase health risk of co-workers

#### Defining Personality

- Relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics
- External traits – observable behaviors
- Internal states – thoughts, values, etc. inferred from behaviors
- Some variability; adjust to suit the situation

#### Defining Personality

Slide 9

## Personality in Organizations

### Defining Personality

Relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics

- External traits – observable behaviors
- Internal states – thoughts, values and emotions inferred from observable behaviors

Some variability, adjust to suit the situation e.g. talkative people may talk less in a library where “no talking” rules are explicit and enforced

### Nature vs. Nurture of Personality

- Influenced by Nature
  - Heredity explains about 50 percent of behavioral tendencies and 30 percent of temperament
  - Minnesota studies – twins had similar personalities
- Influenced by Nurture
  - Socialization, learning
  - Personality stabilizes throughout adolescence
  - Executive function steers behavior guided by our self-concept



### Nature vs Nurture of Personality

Slide 10

## Nature vs Nurture of Personality

Heredity explains about 50 percent of behavioral tendencies and 30 percent of temperament preferences

Studies of twins, including those raised apart have demonstrated surreal similarities

But nurture also counts

- Socialization, life experiences, and other interactions with the environment

Personality becomes more stable over time

- We form a clearer and more rigid self-concept as we age
- Executive function (part of the brain that manages goal-directed behavior) tries to keep our behavior consistent with self-concept

### Five-Factor Personality Model



### Five-Factor Personality Model (CANOE)

Slide 11

## Five-Factor Model of Personality (CANOE)

Conscientiousness

- Careful, industrious, reliable, goal-focused, achievement striving, dependable, organized, thorough, and self-disciplined

Agreeableness (vs. hostile noncompliance)

- Courteous, good-natured, empathic, caring

Neuroticism (vs. high emotional stability) –

- High levels of anxiety, hostility, depression, self-conscious

Openness to experience

- Imaginative, creative, curious, and aesthetically sensitive

Extraversion (vs. introversion)

- Outgoing, talkative, sociable and assertive



#### Five-Factor Personality and Organizational Behavior

- Conscientiousness and emotional stability
  - Strongest personality predictors of performance
- Extroversion
  - Linked to sales and mgt performance
  - Related to social interaction and persuasion
- Agreeableness
  - Effective in jobs requiring cooperation and helpfulness
- Openness to experience
  - Linked to higher creativity and adaptability to change

Five-Factor Personality  
& Organizational  
Behavior  
Slide 12

### Five Factor Personality & Organizational Behavior

- Conscientiousness and emotional stability (low neuroticism)
  - Motivational components of personality
  - Best predictors of individual performance in almost all jobs
- Extroversion
  - Higher performance in sales and management jobs where employees must interact with and influence people
- Agreeableness
  - Higher performance in jobs where employees are expected to be helpful and cooperative e.g. teams, customer relations
- Openness to experience
  - More creative and adaptable to change
- Personality influences a person's general emotional reactions to the job, how well the person copes with stress, and what type of career path will be most enjoyable

#### Jungian Personality Theory



- Swiss psychiatrist Carl Jung
- Identifies preferences for perceiving the environment and obtaining/processing information
- Commonly measured by Myers-Briggs Type Indicator (MBTI)

Jungian Personality  
Theory  
Slide 13

### Jungian Personality Theory and the Myers-Briggs Type Indicator

- Swiss psychiatrist Carl Jung proposed that personality is primarily represented by the individual's preferences regarding perceiving and judging information
- Measured through the Myers-Briggs Type Indicator (MBTI) which is one of the most widely used personality tests in work settings, career counseling and executive coaching

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



- Extraversion versus introversion
  - similar to five-factor dimension
- Perceiving information
  - Sensing – uses senses, factual
  - Intuition – uses insight, subjective experience
- Judging (making decisions)
  - Thinking – rational logic, systematic
  - Feeling – emotions, effect on others
- Orientation toward external world
  - Perceiving – flexible, spontaneous
  - Judging – order and structure

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

Slide 14

## Myers-Briggs Type Indicator (MBTI)

### Extroversion versus introversion (E – I)

- Similar to five-factor dimension

### Perceiving information (S – N)

- Sensing – perceiving information directly through the five senses to acquire factual and quantitative details
- Intuition – relies on insight and subjective experience

### Judging i.e. making decisions (T – F)

- Thinking – rely on rational cause-effect logic and systematic data collection to make decisions
- Feeling – rely on emotional responses to the options as well as how those choices affect others

### Orientation toward the outside world (P – J)

- Perceiving – open curious, flexible, adapt spontaneously to events, prefer to keep options open
- Judging – prefer order and structure and want to resolve problems quickly

#### Jungian & Myers-Briggs Types



#### Jungian and Myers-Briggs Types

Slide 15

## Jungian and Myers-Briggs Types

(See previous slide for details)

#### Values in the Workplace

- Stable, evaluative beliefs that guide our preferences
- Define right or wrong, good or bad
- Value system – hierarchy of value

#### Values in the Workplace

Slide 16

## Values in the Workplace

- Stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations
- Tell us what we “ought” to do
- Serve as a moral compass that directs our motivation and, potentially our decisions and actions

Value system -- hierarchy of preferences which is relatively stable and long-lasting

Schwartz's Values Model



Schwartz's Values Model

Slide 17

## Schwartz's Values Model

Dominant model of personal values was developed and tested by social psychologist Shalom Schwartz and his colleagues

Clusters 57 specific values into 10 broad value categories which are further clustered into four quadrants

Schwartz's Values Model



Schwartz's Values Model

Slide 18

## Schwartz's Values Model

10 broad values categories are mapped on to four quadrants

Openness to change

- Extent to which a person is motivated to pursue innovative ways

Conservation

- Extent to which a person is motivated to preserve the status quo

Self-enhancement

- How much a person is motivated by self-interest

Self-transcendence

- Motivation to promote the welfare of others and nature

Values and Behavior



Values and Behavior

Slide 219

## Values and Behavior

Habitual behavior tends to be consistent with our values, but our everyday conscious decisions and actions apply our values much less consistently

- Disconnect between personal values and behavior because values are abstract concepts – relevance to specific situations is not always obvious

Decisions and behavior linked to values when:

- We have logical reasons for applying a specific value in a specific situation
- The situation allows or encourages us to do so
- We become mindful of our values

### In Search of Congruent Values

- Similarity of a person's values hierarchy to another source
- Person-organization value congruence
- Espoused-enacted value congruence
- Organization-community values congruence



In Search of Congruent Values

Slide 20

## In Search of Values Congruence

Values congruence – how similar a person's values hierarchy is to the values hierarchy of the organization, a co-worker, or another source of comparison

Person-organization value congruence

- Person's values are similar to the organization's dominant values

Espoused-enacted value congruence

- Consistency between the values apparent in our actions – enacted values and what we say we believe in (espoused values)
- Especially important for people in leadership positions because any gap undermines their perceived integrity

Organization-community values congruence

- Similarity of an organization's dominant values with the values of the community or society in which it conducts business

### Three Ethical Principles

- Utilitarianism – greatest good for the greatest number
- Example: Government decides to cut services because its leaders believe the costs are greater than society can afford
- Individual rights – fundamental entitlements in society
- Example: freedom of speech, movement, physical security
- Distributive justice – treat people alike, except for relevant disabilities
- Example: People in high-risk jobs should be paid more than those in low-risk jobs

Three Ethical Principles

Slide 21

## Ethical Values and Behavior

Ethics is the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad

### Three Ethical Principles

Utilitarianism

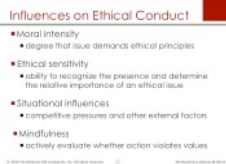
- Seek the greatest good for the greatest number of people
- Focuses on the consequences of our actions, not on how we achieve those consequences

Individual rights principle

- Reflects the belief that everyone has entitlements that let her or him act in a certain way e.g. freedom of speech, fair trial
- Problem of conflicting rights e.g. right to privacy conflicts with another's right to know

Distributive justice principle

- People who are similar should receive similar benefits and burdens e.g. two employees who contribute equally in their work
- Inequalities are acceptable when they benefit the least well off



Influences on Ethical  
Conduct  
Slide 22

## Influences on Ethical Conduct

### Moral intensity

- The degree to which an issue demands the application of ethical principles

### Ethical sensitivity

- A personal characteristic that enables people to recognize the presence of an ethical issue and determine its relative importance

### Situational influences

- According to a global survey of managers and HR managers – pressure from top management is the leading cause of unethical corporate behavior

### Employees engage in mindless behavior

- Don't consciously think about whether their actions are ethical



Supporting Ethical  
Behavior  
Slide 23

## Supporting Ethical Behavior

### Corporate code of ethics

- Statement about codes of practice, rules of conduct, and philosophy about the organization's relationship to stakeholders and the environment e.g. professional conduct, corporate social responsibility
- Problem: Does little to reduce unethical conduct

### Ethics training

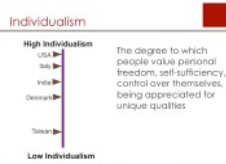
- Awareness and clarification of ethics code
- Practice resolving ethical dilemmas

### Ethics hotlines

- Ways to communicate wrongdoings

### Ethical leadership and culture

- Ethical conduct and vigilance of corporate leaders – role model ethical standards that employees are more likely to follow



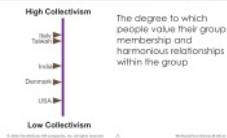
Individualism  
Slide 24

## Individualism

A cross-cultural value describing the degree to which people in a culture emphasize independence and person uniqueness

- Highly individualist people value personal freedom, self-sufficiency, control over their own lives, and appreciation of their unique qualities

### Collectivism



Collectivism  
Slide 25

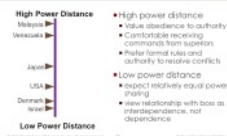
## Collectivism

Extent to which we value our duty to groups to which we belong and to group harmony

- Highly collectivist people define themselves by their group memberships, emphasize their personal connection to others in their in-groups, and value the goals and well-being of people within those groups

Note: Contrary to popular belief, individualism is not the opposite of collectivism – the two concepts are unrelated

### Power Distance



Power Distance  
Slide 26

## Power Distance

Extent to which people accept unequal distribution of power in a society

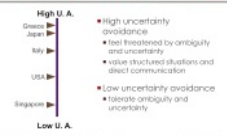
High power distance

- Accept and value unequal power
- Value obedience to authority
- Comfortable receiving commands from superiors without consultation
- Prefer to resolve conflicts through formal rules rather than directly

Low power distance

- Expect relatively equal power sharing
- View relationship with boss as interdependent, not dependence
- Expect power sharing and consultation before decisions affecting them are made

### Uncertainty Avoidance



Uncertainty Avoidance  
Slide 27

## Uncertainty Avoidance

Degree to which people tolerate ambiguity or feel threatened by ambiguity and uncertainty

Low uncertainty avoidance

- Tolerate ambiguity and uncertainty

High uncertainty avoidance

- Feel threatened by ambiguity and uncertainty
- Value structured situations, clear documentation, and direct rather than indirect or ambiguous communications



Achievement-Nurturing  
Slide 28

## Achievement-Nurturing

Reflects a competitive versus cooperative view of relations with other people

### High achievement orientation

- Value assertiveness, competitiveness, materialism
- Appreciate people who are tough and favor acquisition of money and material goods

### Nurturing orientation

- Emphasize relationships and the well-being of others
- Focus on human interaction and caring rather than competition and personal success



Individual Behavior,  
Personality, and Values  
Slide 29

## Individual Behavior, Personality, and Values

## STUDENT HANDOUT



### CRITICAL THINKING QUESTIONS

1. An insurance company has high levels of absenteeism among the office staff. The head of office administration argues that employees are misusing the company's sick leave benefits. However, some of the mostly female staff members have explained that family responsibilities interfere with work. Using the MARS model, as well as your knowledge of absenteeism behavior, discuss some of the possible reasons for absenteeism here and how it might be reduced.
2. Suppose that you give all candidates applying for a management trainee position a personality test that measures the five dimensions in the five-factor model. Which personality traits would you consider to be the most important for this type of job? Explain your answer.
3. People in a particular South American country have high power distance and high collectivism. What does this mean, and what are the implications of this information when you (a senior executive) visit employees working for your company in that country?
4. "All decisions are ethical decisions." Comment on this statement, particularly by referring to the concepts of moral intensity and ethical sensitivity.



## CONFIDENTIAL INSTRUCTOR NOTES



### SUGGESTED ANSWERS TO CRITICAL THINKING QUESTIONS

1. **An insurance company has high levels of absenteeism among the office staff. The head of office administration argues that employees are misusing the company's sick leave benefits. However, some of the mostly female staff members have explained that family responsibilities interfere with work. Using the MARS model, as well as your knowledge of absenteeism behavior, discuss some of the possible reasons for absenteeism here and how it might be reduced.**

The MARS model of individual behavior states that behavior is a function of motivation, ability, role perceptions, and situational factors. With respect to absenteeism, employees may be away from assigned work because they don't want to attend work that day (motivation), they don't realize that this is their work day (role perceptions), and/or environmental conditions prevent them from attending work (situational factors).

In this incident, situational factors may explain mostly why female employees are absent. Specifically, family responsibilities interfere with their work attendance. However, some absenteeism among men and women may be due to sick leave policies. It is known that generous sick leave benefits reduce attendance motivation.

2. **Suppose that you give all candidates applying for a management trainee position a personality test that measures the five dimensions in the five-factor model. Which personality traits would you consider to be the most important for this type of job? Explain your answer.**

The textbook provides some information to help students answer this question. First, conscientiousness and emotional stability (low neuroticism) are important because they best predict individual performance in almost every job group. Both are motivational components of personality because they energize a willingness to fulfill work obligations within established rules (conscientiousness) and to allocate resources to accomplish those tasks (emotional stability). Various studies have reported that conscientious employees set higher personal goals for themselves, are more motivated, and have higher performance expectations than do employees with low levels of conscientiousness. They also tend to have higher levels of organizational citizenship and work better in organizations that give employees more freedom than in traditional "command and control" workplaces.

The other important personality dimension is extroversion, because it is associated with performance in sales and management jobs, where employees must interact with and influence people. One or more other personality dimensions might also be relevant to management trainees, but these three stand out.

3. **People in a particular South American country have high power distance and high collectivism. What does this mean, and what are the implications of this information when you (a senior executive) visit employees working for your company in that country?**

In high power distance cultures, people tend to accept the power differential which exists in their society. This extends to the workplace as well. I would expect the employees to address me by my surname. I would not interpret this as being aloof or unfriendly. The social interchange between the employees and I would be formal.

High collectivism would encourage me to celebrate the achievements of everyone as a group. Any discussion would emphasize and focus on improving or maintaining group harmony and teamwork.

**4. “All decisions are ethical decisions.” Comment on this statement, particularly by referring to the concepts of moral intensity and ethical sensitivity.**

This sweeping statement is false. For a decision to have an ethical dimension it has to have some moral intensity associated with it. Moral intensity is a characteristic of the situation. It refers to the degree to which an issue demands the application of ethical principles. “Who should be laid off?” would have high moral intensity. On the other hand, a decision to take an umbrella to work because it might rain has no moral intensity. This is because morally intense issues involve others in the society who may think the decision is good or evil, or the issue quickly affects people.

Ethical sensitivity refers to a characteristic of the decision maker, not the situation. Faced with the same issue, two decision makers may be more or less ethically sensitive. This means that people differ in their ability to recognize the presence and determine the relative importance of an ethical issue.

Moral intensity and ethical sensitivity are different, but they go hand-in-hand. An issue with high moral intensity might be decided without the required ethical consideration because the decision maker doesn’t recognize its ethical importance (i.e., the person has low ethical sensitivity). Thus, both concepts are important factors in the extent to which we apply ethical principles to issues.

## STUDENT HANDOUT



### CLASS EXERCISE: ETHICS DILEMMA VIGNETTES

#### Instructions

Read each of these ethics dilemmas and be prepared to discuss the extent to which the company's action in each case was ethical. In particular, consider the moral intensity and ethical principles relevant to each incident. In smaller classes, you may be assigned to a team where these incidents are discussed before debriefing to the entire class.

#### Case One

A large European bank requires all employees to open a bank account with that bank. The bank deposits employee pay cheques to those accounts. The bank explains that this is a formal policy which all employees agree to at the time of hire. Furthermore, failure to have an account with the bank shows disloyalty, which could limit the employee's career advancement opportunities with the bank. Until recently, the bank has reluctantly agreed to deposit pay cheques to accounts at other banks for a small percentage of employees. Now, bank executives want to reinforce the policy. They announced that employees have three months to open an account with the bank or face disciplinary action.

#### Case Two

A 16-year old hired as an office administrator at a small import services company started posting her thoughts about the job on her Facebook site. After her first day, she wrote: "first day at work. omg!! So dull!!" Two days later, she complained "all i do is shred holepunch n scan paper!!! omg!" Two weeks later she added "im so totally bord!!!" These comments were intermixed with the other usual banter about her life. Her Facebook site did not mention the name of the company where she worked. Three weeks after being hired, the employee was called into the owner's office, where he fired her for the comments on Facebook, then had her escorted from the building. The owner explained that these comment put the company in a bad light, and her "display of disrespect and dissatisfaction undermined the relationship and made it untenable."

#### Case Three

Computer printer manufacturers usually sell printers at a low margin over cost and generate much more income from subsequent sales of the high-margin ink cartridges required for each printer. One global printer manufacturer now designs its printers so that they work only with ink cartridges made in the same region. Ink cartridges purchased in the United States will not work with the same printer model sold in Europe, for example. This "region coding" of ink cartridges does not improve performance. Rather, it prevents consumers and grey marketers from buying the product at a lower price in another region. The company says this policy allows it to maintain stable prices within a region rather than continually changing prices due to currency fluctuations.

## CONFIDENTIAL INSTRUCTOR NOTES

CLASS EXERCISE: ETHICS DILEMMA  
VIGNETTES

## Comments for Instructors

There is, of course, no right answer to this exercise, but the process and application of ethics principles is important in the discussion. Students tend to get into debates about the merits and problems with each activity, but they also should dig deeper into the three ethics principles, and the moral intensity of each issue. Here are a few comments about each case.:

**Case One:** This case occurred at Royal Bank of Scotland (RBS). (See “Royal Bank of Scotland Threatens Staff with Disciplinary Action,” *Personnel Today*, 23 March 2007.) This incident is fairly well-balanced with two sides to the story, and students should figure out the conflicting moral principles involved. On the one side, employees should have the freedom to make personal decisions outside work without being influenced unduly by the employer. As union officials mentioned in response to this incident, grocery store employees are free to buy groceries at competitor stores, so why should RBS employees be required to bank with their own bank. Furthermore, there may be a legal issue of whether the bank can refuse to pay employees where they have a standard bank account (even if at another bank). On the other hand, failure to use your own employer’s services is a sign of disrespect and disloyalty where those services are aimed at people similar to the employees. One might argue that failure to open an account at RBS should limit career opportunities because one would expect managers to demonstrate even more loyalty to the company. Perhaps most students would argue against disciplinary action, but a few might notice that employees agreed to this practice when they joined the organization. As such, failure to open a bank account may be a breach of the employment relationship

**Case Two:** This case occurred at a small industrial services business in the United Kingdom (see: A. Levy, “Teenage office worker sacked for moaning on Facebook about her ‘totally boring’ job,” *Daily Mail*, 26 February 2009). However, there are several similar cases involving Facebook, blogs, and other social media, where employees write negative comments about their employer. For example, this incident parallels two earlier cases in which (a) a Starbucks employee was fired for complaining about his boss’s decision on a work issue and (b) an employee who worked in marketing for government in northern Canada was fired for posting artistic photos of garbage in the snow. To some people, the case of the teenage Facebook complainer is a clear case of an employee who should be dismissed because she lacks sufficient commitment to and appreciation of the job. The company owner later explained to media: “We were looking for a long-term relationship with [the employee] as we do with all our staff. Her display of disrespect and dissatisfaction undermined the relationship and made it untenable.” But others would say that the owner’s activities were unethical because (a) the owner was snooping on the employee’s private communication (although obviously open for others to read), (b) her statements may have been an accurate reflection of the work, (c) there is no evidence that her work performance was undermined by her statements or attitude, and (d) she did not name the company when writing these negative comments.

**Case Three:** This is also a true case, involving Hewlett Packard (HP). (See David Pringle and Steve Stecklow, “Electronics with borders,” *Wall Street Journal*, 17 January 2005, B1.) Students might see both sides of the issue here. Although the sense of freedom to purchase globally may dominate the discussion, some students might agree with the concern that companies are buffeted by currency fluctuations to such an extent that they cannot adapt quickly enough to price changes and shifting supplies with those currency fluctuations. For instance, a large buyer of HP printer ink in Europe might ship much of that ink to the United States if the Euro rises appreciatively against the U.S. dollar, thereby causing a shortage of printer ink in Europe. Others may argue that this supply shift is a small portion of the supply of ink cartridges in most regions, so HP’s actions are unfair. In terms of moral intensity, students may realize that few people are affected by HP’s restrictions and that it has low proximity (not nearby), so moral intensity is low.